

The Incorporated Accountants' Journal.

THE OFFICIAL ORGAN OF



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Professional Notes.

THE results of the Society's examinations held in November appear in this issue. For the first time in the Society's history a woman heads the Honours list in the Final examination. Miss Gladys E. M. Dodsworth, who has served her articles with Mr. A. H. Barron, of Messrs. Barron & Barron, York, takes the First Prize and First Certificate of Merit out of 238 candidates, of whom 130 pass and 108 fail. We feel sure that Miss Dodsworth's success will be received with cordiality throughout the Society's membership. The other Honours candidates in order of merit are Mr. Stanley James Elliott (Second Prize), who served his clerkship with Messrs. Hughes & Allen, London; Mr. Leonard Cecil Hawkins, Clerk to Messrs. Deloitte, Plender,

Griffiths & Co., London; Mr. Henry Herbert John Gower, Clerk to Messrs. Westacott, Quaife & Co., London; Mr. Frank Vivian Rowden, Clerk to Sir Charles H. Wilson, M.P., Leeds; Mr. Thomas Colton, Clerk to Messrs. Shuttleworth & Haworth, Manchester; and Mr. David James Wilks, Assistant to Mr. F. J. Alban in the Accountancy Department of the Taf Fechan Water Supply Board, Merthyr Tydfil.

In the Intermediate examination 281 candidates sat, of whom 164 pass and 117 fail. The First Prize and First Place Certificate are taken by Mr. Charles Henry Aveyard, Clerk to Mr. J. H. Birch, Leeds. The Second Place Certificate falls to Mr. Kenneth Adams, Clerk to Messrs. Price, Waterhouse & Co., London, who is disqualified for a prize by the age limit. Mr. Charles Lionel Masters, Clerk to Messrs. Larking & Larking, Norwich, obtains the Third Place Certificate and the Second Prize. The other candidates placed are Mr. Frederick William Edward Lock, Exchequer and Audit Department, London; Mr. Ivor John Cope, Clerk to Mr. F. W. T. Mills, Doncaster; Mr. Dennison George Light, Clerk to Mr. L. G. Mansfield, of Messrs. Duck, Mansfield & Co., London; Mr. Richard Cecil Wright, B.A., LL.B., Clerk to Mr. A. Walton, of Messrs. John Gordon & Co., Leeds; and Mr. James Arthur Munn, of the City Treasurer's Department, Birmingham.

In the Preliminary examination, which is always affected by the number of those who can claim exemption on equivalent certificates, the total number of candidates who presented themselves was 142, of whom 86 pass and 56 fail. There are no Honours awarded on this occasion. We are requested to state that in the Preliminary examination a number of candidates who fail to satisfy the Examiner displayed considerable weakness in the paper on arithmetic. The Examination Committee of the Council wish it to be known that a pass can only be secured in the Preliminary examination by candidates showing that they are able to reach a satisfactory standard of attainment in all the subjects, and in this connection particular consideration is given to arithmetic.

We commend to all Incorporated Accountants a perusal of the proceedings at the thirty-third Annual Meeting of the Incorporated Accountants' Benevolent Fund. By means of our columns the Annual Report of this excellent work reaches a wide circle to whom the small annual subscription for which the Trustees ask cannot be regarded as involving any sacrifice. The Fund has accumulated, mainly through life subscriptions and donations, the respectable sum of £7,228, but the income derived from annual

subscriptions and dividends was only £838 during the past year. One branch of the work of the Fund, which the Trustees cannot develop without further support, is the making of grants towards the education of children of deceased Incorporated Accountants where these children could not otherwise be trained with any prospect of being fitted for the station of life occupied by their parents.

In an article which appeared in a recent issue of our contemporary *The Accountant* on the audit of friendly societies accounts, we hardly think that justice was done to the Chief Registrar of Friendly Societies and the department over which he so ably presides. There are some 30,000 friendly societies on the register, and every effort has been made by the Treasury, on the representations of the department, to appoint only as public auditors persons possessing recognised qualifications. Comparing as we are able the old practice in regard to these appointments, the improvement which has taken place in the audit of friendly societies accounts is remarkable. That there are defects in the Acts of Parliament governing friendly societies must be admitted, but we think it would be rather salutary if writers in the Press had some personal experience of the difficulty in getting amending Acts passed through a Parliament which is mainly engaged in endeavouring to reconstruct the nations which have been devastated by a world war. One example only need be given. The unanimous report of the Bankruptcy Committee of the Board of Trade was signed twelve months ago, and no amending Bill founded upon it has yet been introduced into the House of Commons.

According to a statistical summary issued by the Chief Registrar of Friendly Societies, 1,117 building societies in Great Britain made returns in the year 1924, with a membership of 1,000,988. The receipts of these societies were £72,582,450, and the amounts advanced on mortgage during the year totalled £40,584,606. Of the balances due to the societies on mortgage securities over 50 per cent. appear to be in amounts of £500 and under, which shows that these societies continue to supply a public need, especially in these days of scarcity in housing accommodation.

We published in our November issue the resolution of the Council of the Society of Incorporated Accountants and Auditors in regard to the disbandment of the Corps of Military Accountants, and the matter is still engaging their attention. In the House of Commons on December 21st, in reply to questions put by Colonel Day and Colonel England, Sir Laming Worthington-Evans, Secretary of State for War, said: "The decision of the Public Accounts

Committee is now available to hon. Members. It, in effect, recognises that the full scheme of unit accounting proposed by the Lawrence Committee is not possible. I felt that, in the present circumstances of financial stringency, the Government could not forego the saving of some £17,000 a month which the postponement of the change would have cost. So I gave directions for certain action to be taken in anticipation of the published decision. The services of about half the officers of the Corps of Military Accountants will be retained as officers of the Royal Army Pay Corps, the majority of whom will be employed on cost accounting, together with a considerable number of other ranks of the Corps of Military Accountants. It is intended that the recommendations of the Public Accounts Committee regarding cost accounting shall be carried out as far as possible."

In reply to a further question, Sir Laming Worthington-Evans said: "The gratuity provided by Army Order 377 of 1925 for members of the Corps of Military Accountants discharged on reduction of establishment is based on exactly the same principles as the gratuity provided in Army Order 180 of 1922 in connection with the large reductions of establishment which took place in that year. I could not justify giving preferential treatment to men discharged on reduction of the Corps of Military Accountants. In respect of their services during the Great War, they have received the war gratuities to which they were entitled, in common with the rest of the Army." No doubt more will be heard in regard to the matter in the next session of Parliament.

The Court of Appeal, in the matter of *In re Lister*, has given an important decision affecting trustees in bankruptcy, the general effect of which is that where a trustee in bankruptcy enters into occupation of onerous property which he subsequently disclaims he is liable to pay the rates on the property for the period of his occupation. This is a reversal of the decision given a little while ago by Mr. Justice Lawrence. The statutory provision bearing upon the subject is contained in sect. 54 of the Bankruptcy Act, 1914, and, so far as material, is as follows: "The disclaimer . . . shall also discharge the trustee from all personal liability in respect of the property disclaimed as from the date when the property vested in him."

In delivering judgment Lord Justice Atkin said that the property disclaimed was not the house but the tenancy agreement, whereas Mr. Justice Lawrence had treated it as the disclaimer of the house, which was not accurate. The words "in respect of" in sect. 54 might be of very wide import.

In their widest sense it might be said that the liability arose in respect of the tenancy because unless the trustee had the right to occupy under the tenancy he probably would not have gone into occupation, but to give this wide meaning to the words would be to extend beyond reason the relief given by the section. If the trustee had taken a shed or house in which to store the furniture he would clearly have been personally responsible for the rates on such shed or house, and there seemed to be no reason why, if he chose to use the debtor's own house as a store, which he had a right to do, his position should be at all different. In either case his liability appeared to arise in respect of his own act.

Another case which came before the Court of Appeal last month was that of *Grainger (Inspector of Taxes) v. Maxwell and Others*. In this case the Court affirmed the decision of Mr. Justice Rowlatt to the effect that income from any particular class of security liable to direct taxation ceases to be taxable if the security has been sold before the commencement of the year of taxation. The particular securities which were in question were Exchequer Bonds which had been sold and War Loan which was still held. The Crown sought to treat both as one class of security, but failed to convince the Court. Fuller particulars of the facts will be found in our Professional Notes of July last.

The House of Lords has affirmed the decision of the Court of Appeal in the case of *Brighton College v. Marriott*. The circumstances of this case have created a good deal of interest, Mr. Justice Rowlatt in the first instance having given judgment in favour of the College and the Court of Appeal against it. The ultimate effect now is that the College is held liable to tax on the surplus of its income over expenditure, although under the Memorandum of Association no portion thereof could be paid away in dividend, bonus or otherwise. The College was a company limited by guarantee, and the contention was that it was administering a charitable trust and not carrying on any trade or business. The Crown, on the other hand, claimed that the profits which they assessed were annual profits and gains accruing from the trade, profession, employment or vocation of providing education, and this view has ultimately been upheld. The consequence will be that a number of other schools and colleges of a similar character will become liable to assessment, but it should be noted that the judgment relates only to profits arising from pupils' fees and not to income from property or investments.

It is announced by His Majesty's Stationery Office that a new edition of the Income Tax Acts will be placed on sale at an early date. The volume has been prepared by the Inland Revenue primarily as a text book for Inspectors of Taxes, but it has been decided that it shall now be made available to the public. The book will consist of the Income Tax Act, 1918, as amended by subsequent Acts, and also the income tax provisions of the Finance Acts, 1919 to 1925, as amended, together with footnotes and references. The book will likewise contain tables showing the rates of income tax from 1894-95 onwards and super-tax rates from 1909-10 onwards. The intention is to issue each year a special print of the Income Tax sections of the Finance Act, with marginal paragraph numbers and page headings for insertion in their proper place in the volume in order to keep it up to date. The book will be issued by His Majesty's Stationery Office at the price of 10s. 6d.

Some correspondence has appeared in the public Press with regard to the expense imposed upon the taxpayer in connection with income tax appeals. The grievance is that whenever the Crown wishes to obtain an authoritative ruling on the meaning of a doubtful point in income tax law a test case is selected, and carried if need be to the House of Lords. The unfortunate taxpayer concerned in the matter is thus saddled with the cost of fighting the case through several courts merely because the drafting of an Act of Parliament is not explicit, and notwithstanding the fact that the Commissioners agreed with his view in the first instance. There is a strong feeling that in cases where the Commissioners of Income Tax—and more especially the Special Commissioners, who are experts in Income Tax Law—have decided in favour of the taxpayer, the Crown should bear any further cost which may be incurred in carrying the matter to a higher tribunal. It is obvious that if the taxpayer is supported by the Commissioners his interpretation of the Act must at least be a perfectly reasonable one, and it is very hard upon him to have to bear the cost of lengthy and costly litigation in order to enable the legal advisers for the Crown to satisfy themselves as to what an Act of Parliament really means. The question will probably be brought up when the next Finance Bill is before Parliament.

The new provisions respecting National Health, Pensions and Unemployment Insurance come into operation on January 4th next, after which date insurance stamps of the old denominations will be withdrawn from sale. Care should therefore be taken to purchase the necessary stamps before that

date. The new scheme of insurance now includes pensions for widows, orphans and old age, and all persons who are insurable under the National Health Insurance Act will be insurable also under the Pensions Act. The contributions payable under these two Acts will be paid on the same card by means of a combined health and pensions stamp. The unemployment, as hitherto, will be treated separately.

The new rates of deduction from the employees' wages will be: In the case of men 9d. for National Health and Pensions and 7d. for Unemployment, making 1s. 4d. in all, as against 1s. 2d. in the past; and in the case of women 6d. for National Health and Pensions and 6d. for Unemployment, making 1s. in all, in place of 11d. as hitherto. The stamps to be affixed to the cards will, in the case of men, be 1s. 6d. for National Health and Pensions and 1s. 3d. for Unemployment, making 2s. 9d., as against 2s. 5d. in the past; and in the case of women, 1s. 1d. for National Health and Pensions and 1s. 1d. for Unemployment, making 2s. 2d. in all, as against 2s. in the past. These figures relate to the ordinary cases where no age limit applies, but fuller particulars may be obtained from the Post Office.

Some interesting information in relation to the interest on the National Debt was given by the Chancellor of the Exchequer recently. He said that while the total interest charge had been reduced by nearly £52,000,000 since 1920-21, the amount of effort, in terms of the cost of living, that had to be rendered by the taxpayer to meet the interest on the National Debt was now £49,000,000 greater than in 1920-21. The reason given for this was that between the two dates the index figure of the cost of living had fallen from 255 to 176, which meant that in 1920-21 it required fewer commodities to discharge £1 of interest than it does to-day. This emphasises the wisdom of the policy which has been adopted of endeavouring to reduce the National Debt as much as possible during the period of high prices.

The annual report of the Board of Trade on Companies, which has now been issued, shows that the number of new companies registered in England during the year 1924 was 7,974, from which has to be deducted 4,188 companies which have gone into liquidation or otherwise been removed from the Register, leaving a net increase of 3,486 companies for the year, and a total of about 86,000 companies on the Register with a paid up capital of some £400,000,000. The great bulk of the new registrations were private companies. Of the companies which

went into liquidation during the year 2,541 were voluntary liquidations, 8 under the supervision of the Court, and 266 by order of the Court. The new companies registered in Scotland numbered 490.

The Board of Trade, under the power vested in them by sect. 112 of the Companies Act, 1908, appointed an auditor in two cases by reason of failure of the companies themselves to make an appointment at the annual meeting; and out of six applications to the Board of Trade for the appointment of Inspectors under sect. 109, one was granted, two withdrawn, and three refused.

The Inspector-General in Bankruptcy has also issued his annual report, which shows that the total insolvency during the year 1924 was almost the same as in 1923, viz., 6,695 cases, with liabilities of about £17,000,000. Of these, 4,794, with liabilities of £12,600,000, were administered under the Bankruptcy Act, and 1,901, with liabilities of £4,300,000, were administered under Deeds of Arrangement. In Scotland the number of Sequestrations was 247, with liabilities of nearly £2,000,000, as against 291 in 1923, with liabilities of £700,000. No particulars of Scottish Deeds of Arrangement are available as the registrations of these deeds is not obligatory.

During the year 1924 eight trustees were removed from office, and the Guarantee Societies were called upon to the extent of £87 18s. Objections to the appointment of trustees elected by the creditors were considered in nine cases. In five of these cases the appointments were certified; in two cases the trustees withdrew upon being informed of the objection; and in two cases formal objections to the appointments were made.

Of the cases in which facts were reported against bankrupts by Official Receivers in connection with their applications for discharge, the great bulk come under three headings, viz: (a) That the assets were not of the value of 10s. in the £, (b) that the bankrupt had omitted to keep proper books of account, and (c) that the bankrupt had continued to trade after knowing himself insolvent. A considerable number were also reported to have contracted debts without reasonable ground of expectation of being able to pay them, and of having contributed to their bankruptcy by extravagance or rash and hazardous speculations. This follows largely on the lines of previous years, as also do the offences charged against bankrupts convicted on trial, the nature of

the offences coming chiefly under the heads of (1) undischarged bankrupt obtaining credit, (2) the bankrupt failing to explain his losses, (3) pledging property not paid for, and (4) not making full discovery of property.

Particulars are given of a number of cases of failures under receiving orders showing features of special interest, but these are too lengthy to discuss. It may be noted, however, that several instances are recorded of unsecured liabilities ranging from £800,000 to nearly £2,000,000 in which the assets were practically nil. The circumstances which lead up to these results are sometimes bewildering and almost inconceivable.

In the Professional Note in our last issue dealing with War Savings Certificates, the words relating to the rate of interest should read "rather less than 4 per cent." instead of "rather less than 2½ per cent."

There has now been issued another section of the Report of the Registrar of Friendly Societies dealing with trade unions. Although the report is for 1924 the figures given relate to the returns for 1923, and show that the membership of registered trade unions has decreased by 2,500,000 since the end of 1920. The number of trade unions and their aggregate membership from 1920 onwards was as follows:—

Year.	Number.	Membership.
1920	656	6,981,750
1921	621	5,506,490
1922	607	4,559,167
1923	583	4,418,589

On the other hand the funds of the unions increased by about £1,000,000 during 1923, and totalled £11,000,000 at the end of the year. During 1924 17 new trade unions were registered, and 22 were removed from the register.

The Registrar reports that defalcations, often involving heavy losses, still come to light. In one case the annual returns for 1920, 1921 and 1922 had not been furnished, and measures were taken to obtain them. Eventually a qualified accountant was called in by the union, who reported that there was no evidence of even an attempt on the part of the secretary to carry out his duties; that there had been falsification of the books, and that £190 appeared to be due from the secretary and £308 from the treasurer. An arrangement was made with the treasurer to repay by instalments, while the

secretary was prosecuted and sentenced to a term of imprisonment. Several other cases of default are reported.

In a number of instances difficulty was experienced in securing correct accounts in connection with the annual returns. In these cases the unions were urged to obtain the assistance of qualified accountants, but the Inspector reports that generally speaking unions are reluctant to accept the view that any professional assistance in the preparation of their accounts is either necessary or desirable, although he says there are noteworthy exceptions.

Permissible Deductions for Income Tax.

THE British Insulated and Helsby Cables, Limited, have made a good fight to save income tax on a sum of £31,784 contributed by the company towards the formation of a pensions fund for employees of the company. They began with a victory before the Special Commissioners, which was repeated before Mr. Justice Rowlatt, but then the company failed in a further appeal by the Authorities to the Court of Appeal, where the decision was unanimously against them. Finally, the company carried the case to the House of Lords, under the title of *British Insulated and Helsby Cables, Limited, v. Atherton*, where it was given against them by a majority of three to two. It would be tedious, and not of great usefulness, to set out the facts in any detail. They are given briefly in our Professional Notes of December, 1924. Admittedly the payment was not one of a series of annual or other periodical contributions. On the contrary, it partook of the character of a lump initial payment to form a nucleus, and more specifically in order that the benefits might be more extensive than they could otherwise have been if dependent solely on the annual contributions of the staff and the company. It was not denied that such a fund is not pure benevolence, it being, on the contrary, common ground that the company get value in the shape of a more efficient and loyal staff. Obviously the question at issue must have been of great difficulty, when on one side—in favour of the company—we have the Special Commissioners, Mr. Justice Rowlatt, Lord Carson and Lord Blanesburgh, and on the other side—in favour of the Crown—a unanimous Court of Appeal of three Judges, and three noble and learned Lords in the tribunal of last resort. The claim was to deduct the £31,784 from the gross profits of the year in which it was paid before bringing out the profits of that

year to go into the average, and the criterion on which the right to make that deduction depended was—whether it was in substance a revenue or a capital item of expenditure.

The lessons or reminders which the case inculcates are:—

1.—The long and expensive course of litigation on which one sets out by winning in the early stages. This appeal is dismissed with costs.

2.—The absolute impartiality of the Special Commissioners.

3.—The importance of getting that body, whenever possible, to find in terms, as a fact, the material ground of judgment. In this case the Lord Chancellor treated the case as turning on a question of fact, namely, the character of the contribution to the pension fund. But yet it was not enough to have (1) that judicial admission from the Woolsack, and (2) the verdict of the Commissioners in favour of the company, which verdict could not have been given unless they had considered that the payment was a revenue item. What is necessary is an express finding. If that had been present, it may be inferred that the Court of Appeal would have refused to disturb the decision, and it is almost clear that, however that might have been, the House of Lords would have supported the Commissioners. But perhaps, in the face of such a finding, the Crown would never have taken the case into the Law Courts.

4.—The Income Tax Acts contain no specification of deductions which are allowable, and no exhaustive specification of deductions which are not allowable, though the framers of the Acts seem to have been under the contrary impression.

5.—As to any deduction which may in any particular case be claimed, the first test is—is it included in the list of prohibited deductions which is found in the Acts? If it is there included, the claim is ended. But, even if not there included, the claim is not established. If it were otherwise, then the £31,784 would have been passed. No; it only means that the claim must then stand the second test, which is—

6.—“Is the deduction of such a nature that it is proper to be charged against incomings in a computation of the balance of profits and gains for the year?” We have now the conclusive authority of the Lord Chancellor to the effect that that is a question, not of law, but of fact, to be determined, as an issue of fact, by the Commissioners on the evidence before them in each case. That means that their decision will be treated as final, if they in terms find “Yes” or “No” as a fact, subject only to the proviso that they must act judicially, and that there must be at least some evidence on which their decision can be supported.

Gifts of Cheques Inter Vivos.

WHETHER the donee of a cheque which has not been cashed in the lifetime of the donor is entitled to payment thereof may arise in two cases, (1) Where the gift of the cheque was a true gift, and (2) Where the gift was a *donatio mortis causā*. The same principles apply equally in each case, since to constitute a *donatio mortis causā* there must be, as in the case of a gift, delivery either actual or symbolical, of the gift or of the instrument which represents it, to the donee. In *Tate v. Hulbert* ((1793) 2 Ves., 111) it was held that the gift of a cheque drawn upon a banker and payable to bearer is not good as *donatio mortis causā* because it is a gift which can only be made effectual by obtaining payment of it in the donor's lifetime, and is revoked by his death. The same principle applies to a promissory note.

The general principle to be applied in both gifts seems to be that there must be an actual or constructive payment of the cheque in the lifetime of the donor to make the gift valid. In a recent case (*re Swinburne* (1925), L.T.N., 382) the testatrix shortly before her death gave G. a cheque for £700, but the bank refused to honour it as the word “pounds” was left out and the signature was very badly written. Subsequently the testatrix drew and gave to G. another cheque for £700, but the signature was again so doubtful that the bank returned the cheque marked “signature differs.” The cheque was not again presented before the testatrix's death. The Court of Appeal held that the cheque not having been paid, the gift was ineffective, even assuming that the bank was willing to pay it out of the balance on the deposit account of the testatrix, which amounted to £900. A cheque, the Court held, was simply an order to the bank to pay money, and if it was not acted upon in the lifetime of the person who gave it, it was worth nothing.

A cheque drawn by the donor upon his own banker cannot be the subject of a *donatio mortis causā*, because the death of the drawer is a revocation of the banker's authority to pay. But when the donor is dealing with the cheque of another person it is on the same footing as a bill of exchange or promissory note, which may well be the subject of a *donatio mortis causā*. For this purpose there is no difference between the cheque of another man and a bill of exchange or promissory note (*Clement v. Cheeseman* (1884) 27 Ch.D., 632), and the same principle would equally apply apparently in the case of a true gift.

Where the gift is a cheque drawn by the donor, the mere delivery of the cheque to the donee will not

in itself entitle the donee to payment in the event of the prior death of the donor. A cheque is not money, but is merely an order by the customer to his bankers to pay to the drawee of the cheque the amount stated therein. By sect. 75 of the Bills of Exchange Act, 1882, the duty and authority of the banker to pay the cheque drawn on him by his customer are determined, *inter alia*, by notice of the death of the customer.

Formerly it seems that the donee of a cheque did not lose his right to payment merely by the fact that payment was not made in the lifetime of the donor. In *Hewitt v. Kaye* (1868) L.R., 6 Eq., 198), the delivery of the donor's cheque on his banker, which was not presented before the donor's death, was held not a good *donatio mortis causā*. In *Bromley v. Brunton* ((1868) L.R., 6 Eq. 275) a cheque was given by A. to B., and presented without delay. The bankers had sufficient assets of A., but refused payment because they doubted the signature. The next day A. died, the cheque not having been paid. It was held a complete gift, *inter vivos*, of the amount of the cheque.

The case of *Bromley v. Brunton*, unless distinguishable on the ground that in that case there was an actual dedication of the money to the purposes of the gift amounting to a constructive payment, cannot be treated as good law.

In *re Beaumont* (1902) 1 Ch., 889), the donor drew a cheque in favour of one E., as a *donatio mortis causā*. The cheque was eventually delivered to E., who endorsed it and presented it for payment at the donor's bank, where his account was overdrawn. The bank refused payment, not on this ground, since it was found as a fact that the manager was minded to lend the money to pay the cheque, but on the ground that the signature was not like the ordinary signature of the donor. The donor subsequently died without the cheque having been cashed. It was held that there was no valid *donatio mortis causā*. The Judge pointed out that a cheque, drawn by the donor, was not an equitable assignment of any part of the donor's balance at his bankers; it was merely a reasonable mandate which might be stopped in the donor's lifetime and would be revoked by his death. "In all these cases," he said, "in order that the gift may be valid it must be shown that the donor handed over either property or the indicia of title to property which belonged to him. His own cheque is not property; it is only a revocable order, such that if the banker acts on it the donee will have the money to which it relates. Even without actual payment of the cheque there may be a good gift—for instance, if there is an undertaking by the bankers to the donee to hold the amount of the cheque for

the latter, that may be enough." It is on this principle of a constructive payment of the money by the bankers that the Judge was of opinion that the decision in *Bromley v. Brunton* ((1868) L.R., 6 Eq., 275) was to be based. As Mr. Justice Buckley put it, the Court in that case must have decided that there was a complete gift *inter vivos*, "either because the cheque was constructively paid, the bankers having substantially said that they would pay, so that the payment constructively related back to the date of presentation; or because the bankers had in effect said: 'The account is in credit, and we will hold enough of the balance to satisfy the cheque, subject to the signature being shown to be genuine,' and therefore that there was a good equitable assignment. The effect of the cheque was to appropriate so much of the donor's money, and my opinion is that the funds, the subject of the gift, are, in the hands of the executors, just as much liable to the payment of the cheque as they were in the hands of the bankers. I cannot suppose that he meant that the cheque by itself operated as an equitable assignment of money at the bank. Probably he meant that the effect of the cheque, coupled with the bankers' action on it, was to appropriate enough of the money at the bank to meet the cheque—that the bankers, so to speak, constructively honoured the cheque. All the authorities seem to be consistent with the view that where the cheque is not actually or constructively paid there is no valid *donatio mortis causā*."

COMMERCIAL GOODWILL.

By P. D. LEAKE, F.C.A., *Author of Commercial Goodwill, its History, Value and Treatment in Accounts.*

The question of the nature and value of commercial goodwill is an obscure and difficult one. The cost of goodwill—or "purchased goodwill," as it should be called—appears as an asset in the balance-sheets of many undertakings, whether of individuals, partnerships or limited liability companies. It is probable, however, that the bulk of the value actually existing at any time in the form of goodwill has never been transferred by purchase from one owner to another, and so is not recorded in any financial books or accounts, and thus, as to the greater part of the subject of goodwill, no accounting question ever arises. Exchangeable value in the form of goodwill actually exists all the same, but as it has not been purchased, but created, by the undertakings owning it, its value is not recorded in any books and accounts. An example of this is found in the value of goodwill included in the prices of the shares of industrial undertakings which change hands on the Stock Exchange at amounts above their par values.

WHAT IS COMMERCIAL GOODWILL ?

Commercial goodwill is legal property, and consists wholly of rights which may or may not have present exchangeable value. Goodwill—the right, as distinct from the value—attaches to a new enterprise as much as to an old business connection. The term "commercial goodwill" covers a vast field of rights growing out of all kinds of past effort in seeking profit, increase of value, or other advantage. These rights are legally protected under various names, both by statute law and by common law, for the use and benefit of the owner. Commercial goodwill thus includes any or all such property as business connection associated with names, persons and places of business, trade marks, patents and designs, copyright, and the right to exercise monopolies.

The question whether or not these rights growing out of past effort in profit-seeking possess present exchangeable value does not concern the legislature. The law extends its protection impartially to all such rights as a matter of equity and on grounds of public policy, sometimes by statute as in (a) trade marks, which are protected by the Trade Marks Act, 1905, (b) patents and designs, which are protected by the Patents and Designs Acts, 1907 and 1919, (c) copyright, which is protected by the Copyright Act, 1911, and (d) other rights less easy to define, which are protected by common law under the name of goodwill. Thus, although there is no Goodwill Act, a person who has acquired a business connection either by his own industry and ability or by purchase from another man, and whether it be profitable or not, has a common law right. This right entitles him to prevent the connection being interfered with by the improper use of information or influence possessed by other persons formerly employed in the business. And a person who, in his business, uses any name or mark (other than a registered trade mark which is specially protected by the Trade Marks Act, 1905) has a common law right to prevent other persons from using the same so as to deceive the public into thinking that the business carried on by them, or the goods sold by them, are his.

It is clear that the word "goodwill" covers a more restricted area in its ordinary legal meaning than in its commercial meaning, because some of the rights having this common characteristic of growing out of past effort in profit-seeking are protected in law by separate statutes under names other than goodwill. For this reason the area covered by goodwill in law appears not to extend to those rights which are protected by separate statutes. Legal goodwill is confined to the connection of an established undertaking associated with names, persons and places of business, and also to unregistered marks. It is equally clear that the area covered by commercial goodwill is much wider, including by custom and in fact all rights growing out of past effort in profit-seeking. That this is so is obvious, and it often happens that a purchaser buys that which includes all these various rights commonly expected to be capable of earning in the future extra-normal or super-profit—i.e., earnings over and above ordinary competitive profits—thus,

although some of these allied rights receive separate statutory protection in law, their values cannot usually be ascertained and treated separately in commercial practice, and it is necessary always to bear this in mind when considering the nature and value of goodwill.

HOW SHOULD GOODWILL BE VALUED ?

The exchangeable value of goodwill always depends upon the probability of earning future super profit, which means the amount by which revenue, increase of value, or other advantage received, exceeds any and all economic expenditure incidental to its production. Economic expenditure includes, of course, such important factors of expense as expired capital outlay (depreciation) on material wasting assets and on leaseholds, adequate personal remuneration to the owner for management and supervision, and a normal rate of interest on the owner's capital (excluding purchased goodwill) invested in the business. Unless, after providing for all these needs, there is a probability of an annual surplus—which alone constitutes super-profit—it is unlikely that the goodwill of an undertaking has any exchangeable value.

In valuing goodwill, it is therefore always necessary to endeavour to see into the future. The average profits of past years are useful only to the extent that they may be taken as a guide in estimating future profits. The profits shown by the annual accounts of a business cannot safely be taken as they stand for the purpose of valuing goodwill, because, amongst other reasons, they often omit to provide for such important factors of economic expenditure as those already mentioned. All these factors must be taken into account in estimating any probable future super-profit, and the amount of this should then be regarded as in the nature of an annuity. It is necessary, therefore, next to consider the difference between the present value of the right to receive an annuity over an agreed number of future years and the amount of that annuity. The importance of this difference may be illustrated by reference to the fact that, allowing interest at 10 per cent. per annum—an average normal rate required by capital invested in the purchase of commercial goodwill—the present value of an annuity of £100 over a period of twenty years is £851 only, while the amount of the annuity over that period is £2,000. Super-profit can never be permanent because, amongst other reasons, wherever it arises there exists a special inducement to others to set up rival and competing businesses, and therefore, for valuation purposes, the term of years must be strictly limited according to the circumstances in each case.

DIFFERENT CLASSES OF BUSINESS.

Profit-seeking undertakings naturally fall into several well-defined classes differing one from another in the sense that the future super-profit is expected to arise under conditions clearly distinguishable and inherently different in character. The several classes include the following:—

- (1) An established connection dependent more or less upon the personal character,

qualifications and skill of the owner. In this case, when the influence of the owner is withdrawn from the connection, the super-profit arising out of the owner's work already done is likely to diminish and fall away rapidly year by year.

(2) An established undertaking enjoying a steady public demand for the supply of some class of commodities or services. Such demand may result from reputation and from acquired popular tastes, habits and customs. It is seen in the demand which exists for various kinds of manufactured goods, many of which are known by a trade name or trade mark, and it is also seen in the customary business connection attached to such undertakings as banking, insurance, retail distributive stores, and so on.

(3) A partly developed undertaking, or an unexplored source of possible profit such as, for instance, the manufacture of a patented invention and the creation by advertising or other means of a public demand for the same.

PERSONAL CONNECTION.

In the case of an established connection under class (1) needing the continued attention of those possessing special personal qualifications as distinguished from ordinary business aptitude—for instance, the practice of a doctor or of a solicitor—the future annual super-profit, so far as it can be said to arise out of the already exercised personal qualifications and skill of the owner, must—when the owner's influence is withdrawn—tend to diminish rapidly in amount year by year. It is true that the amount of super-profit may still continue to arise undiminished in new hands, but this will obviously depend upon the exercise of equally efficient personal effort by someone else in the future, and on the new owner's ability to attach to himself and to maintain the connection. The valuation of goodwill in such a case should therefore generally be based upon the present value of an annuity equal to the amount of the estimated super-profit treated as diminishing by equal sums over the number of years agreed upon as being the appropriate period to be taken in the particular case. In undertakings of this kind the capital employed is, as a rule, small, and the risk is generally less than the risk attached to capital embarked in trade. The rate of interest may therefore be 5 per cent. per annum. With interest at 5 per cent. per annum the present value of each £100 of annual super-profit treated as diminishing by equal sums over a period of five years is £268; or treated as diminishing over a period of ten years the value is £456 (see tables appended to Leake's "Commercial Goodwill"). Small businesses are particularly apt to be personal, and special care should be taken not to underestimate the value of the personal services of the owner in each case.

The value of the goodwill of a testator's business may be less than it would be when, in other circumstances, a willing seller meets a willing buyer. In these days of high death duties, the question of the value to be placed upon the goodwill of a

testator's business for estate duty purposes is often of great importance. The common belief—fostered by the wording of the estate duty account—that goodwill may for that purpose be fairly valued by reference to some number of years' purchase of the so-called net profits shown by the accounts of recent years is a dangerous fallacy.

IMPERSONAL CONNECTION.

The most valuable kind of goodwill attaches to an undertaking under class (2) earning super-profit arising out of an established connection which needs for its successful maintenance little more than ordinary business aptitude sufficient to secure good management. Many old established undertakings for the manufacture and sale of goods have become favourably known throughout the world by a trade name or trade mark, and in such cases it is sometimes difficult to place any limit to the period of years over which the super-profit may continue to arise to the undertaking. The continuation and maintenance of this will, no doubt, depend on the constant exercise of enterprise and good management, and also upon its not being unexpectedly threatened by a change of public taste or custom. If, however, no unfavourable conditions arise, it may be said in the case of some world-renowned profit-seeking undertakings that the volume of profits seems likely to arise almost in perpetuity. But the value of goodwill is based on expected future super-profit, and even if the amount of the super-profit is treated as a perpetual annuity—which it can never be—the value could not exceed ten years' purchase of the annual super-profit if interest be allowed on the purchase money at 10 per cent. per annum, because on these terms the present value of a perpetual annuity of £100 is limited to ten times its amount.

UNDEVELOPED PATENTS, &c.

The goodwill of an undertaking falling under class (3) is, of course, particularly speculative. The present value of the expected future super-profit (average or otherwise) should be treated as an annuity over the period of years which may be agreed upon, and discounted at a rate of interest high enough, in view of the degree of risk, to be likely to induce an alert purchaser to adventure his capital. In speculative ventures of this kind the appropriate rate of interest may be 20 per cent. per annum, or more, or less. The present value of an annuity of £100 over a period of five years, allowing interest at 20 per cent. per annum, is £299, equal to 3 years' purchase; over a period of ten years £419, equal to $4\frac{1}{2}$ years' purchase; and over a period of twenty years, £487, equal to $4\frac{9}{16}$ years' purchase.

INCOME TAX FACTOR.

In estimating the value of goodwill, an important factor always to be taken into consideration is the probable average rate of income tax during the period of years over which the estimated future annual super-profit is calculated to arise. Money paid for the purchase of goodwill is nothing more or less than a payment in advance to the vendor of a share of the future profits expected to arise out of

the business. When those profits arise in future years, the purchaser of the goodwill must pay income tax on the full amount of those profits without any allowance being made to him for the fact that part of the profits have been handed over to the vendor in the price paid for the purchase of the goodwill. Income tax should thus always be taken into account in valuing goodwill, whether the valuation be made for estate duty purposes or for the purpose of sale by a vendor to a purchaser.

COST OF PURCHASED GOODWILL ALWAYS A WASTING ASSET.

The cost of purchased goodwill is always a wasting asset. The facts may be summarised as follows:—

(1) Commercial goodwill consists of nothing but rights, which may or may not have present exchangeable value. Wherever such exchangeable value exists it constantly fluctuates, alternately rising and declining. And as this value depends on expected future earnings over and above economic profit, it is not in the nature of a perpetuity.

(2) The bulk of the exchangeable value actually existing in the form of goodwill is not recorded in any financial books or accounts, because it has not been purchased, but has been created by the undertakings owing it, and therefore, as to the bulk of existing value, no question of going-concern value of goodwill can arise.

(3) All wasting assets except purchased goodwill are—or admittedly should be—regularly maintained out of the annual revenue of an undertaking, and the annual provision covers also obsolescence and renewals of such wasting assets—but not so with purchased goodwill, the value of which, in common with all goodwill, constantly fluctuates and must ultimately expire.

(4) Whenever goodwill has been purchased, the original exchangeable value or cost had regard to the then expected amount and duration of future super-profit. Super-profit can never be permanent—although it may sometimes look like a perpetuity—because it is earnings over and above the ordinary competitive profit required to attract the capital and other services needed to carry on a similar undertaking successfully.

(5) As super-profit can never be permanent, the purchase of goodwill is like the purchase of a terminable annuity, and the unexpired cost of goodwill is properly comparable with the remainder value of a terminable annuity which diminishes annually; and

(6) The cost of purchased goodwill is thus always a wasting asset, and some reasonable provision should be made on regular lines for writing down the cost as it expires.

There is, unfortunately, at present no common agreement among accountants on the question of the going-concern value of purchased goodwill. It is suggested that a discussion of this important question in the pages of the *Incorporated Accountants' Journal* would be of great interest.

Obituary.

JOHN MANGER FELLS.

With deep regret we record the sudden death on Sunday, December 6th, of Mr. John Manger Fells, C.B.E., F.S.A.A., of 7, Union Court, Old Broad Street, London, a member of the Council of the Society of Incorporated Accountants and Auditors, and one of the Intermediate Examiners in accountancy subjects. John Manger Fells was the son of William Fells, of Deal. He was born in 1858, and educated at Deal College and at Birkbeck College, London. In the year 1884 he became Accountant and Assistant Secretary of the Anglo-American Brush Electric Light Corporation (now the Brush Electrical Engineering Company). In 1889 he was appointed Superintending Accountant, and in 1894 General Manager of the Salt Union Limited. In 1899 he commenced practice in the City of London as a Consulting Accountant. He was joint author of the work "Factory Accounts: their Principles and Practice," which was the first attempt to place before English readers a systematised statement of the principles relating to factory accounts, and the methods by which these principles can be put into practice and made to serve important purposes in the economy of manufacture. This work has passed through seven editions, and is still regarded as a standard book on the subject. He gave evidence on several subjects of public interest before Committees of the Lords and Commons, and also in test cases in the Railway and Canal Commission Court on behalf of the trade of the country as represented by the Mansion House Association on Railway and Canal Traffic. At the time of his death he was Consulting Accountant to the London Chamber of Commerce and the Associated Chambers of British Commerce on port and dock charges and railway rates. He was a pioneer in the movement for the compilation of railway accounts in such a manner as would give scientific and practical data for transport administration. An original Fellow of the Royal Economic Society, he gave considerable attention to the question of the interdependence of economics and accounts. During the war he acted as Private Secretary to the Surveyor-General of Supply, War Office, and was on several War Office Committees. For his services he received the C.B.E. (Civil) in 1920. The funeral took place on Thursday, December 10th, at Hampstead Cemetery, and was attended by many well known representatives of industry and commerce. The Society was represented by Mr. G. S. Pitt, President, Sir James Martin (ex-President, and President of the London Chamber of Commerce), Lieut.-Colonel J. Grimwood, C.B., D.S.O., Mr. G. E. Pike and Mr. E. Whittaker, J.P., members of the Council, together with Mr. A. A. Garrett, Secretary. The Incorporated Accountants' Students' Society of London had present Mr. W. D. Elgar, Past President, Mr. R. A. Witty, Past President, and Mr. F. W. Priest, Past Vice-President. By the death of Mr. Fells the Society loses a wise and able member of the Council, whose advice on certain branches of professional work was invaluable. His loss will also be acutely felt by members of the Incorporated Accountants' Students' Society of London, to whom he was always ready to give help of a practical nature. As a genial chairman to preside over meetings of the Students' Society, he was constantly in requisition. Mr. Fells' wife predeceased him in 1918, and he leaves a family of three sons and one daughter, the eldest of whom is Mr. H. J. Fells, B.A.

Profit Sharing Schemes—the Accountancy Aspect.

A LECTURE delivered before the Incorporated Accountants' Students' Society of London by

MR. M. E. ASKWITH, A.C.A.,
INCORPORATED ACCOUNTANT.

The chair was occupied by Mr. CHARLES FIELD, F.C.A., Incorporated Accountant.

Mr. ASKWITH said: Next in importance to the political aspect of the subject of profit sharing comes the accountancy aspect.

So far the accountant student has not been troubled in his examinations with this subject, but in practice the matter is assuming greater importance each day.

It is not for the practising accountant to deal with the merits or demerits of profit sharing, since whether he believes it to be good or bad, nevertheless he is called in to give professional advice upon the installation and administration of such schemes.

It may be, however—and no doubt this does happen—that in some cases the accountant is invited to express his general views upon profit sharing in principal, but he gives such views not so much in his professional capacity as a man of commercial experience and a student of human nature.

If the selection of the subject of this lecture is to be justified, it will perhaps be sufficient to say that the signs of the present times are that profit sharing is being looked to seriously as the solution of our labour troubles.

THE ACCOUNTANT'S PROBLEMS.

The continuous strife between employer and employed upon the subject of wages, if it is not to end in the complete disruption of industry, can only lead both the labour and the capital parties to the same conclusion: that neither can get out of industry more than he is prepared to put into it.

This, therefore, brings us to the proposition that both the shareholder and the worker must depend for their incomes upon the yield of the business.

The accountant is therefore faced in the first place with these two main problems, namely:—

- (a) What is an equitable basis of division of profits between owner and worker? and
- (b) What is the most efficient and economical method of administering the profit sharing arrangement?

The first of these problems is one which requires some very earnest thought.

In the first place, many profit sharing schemes to-day are conceived in the voluntary surrender by the owner of some of his profits, or, as in the case of the recent Coal Mines Agreement (which has now lapsed), by the forcible extraction from the owner of as little of his profits as he need give.

This is not an ideal starting point for any profit sharing scheme because it aims at the very root of the principle.

Profit sharing does not set out to take something from one party to give it to another. It purports to adjust the basis of working between employer and employed so that the industry can be operated upon a more harmonious basis, and thus give something more to each party. Therefore, when the accountant is consulted upon this, which is the first point for decision, he must approach it not as if he is going to call

upon the owner or the worker for any sacrifice, but as an arbiter making the best of his available data.

PRELIMINARY DATA.

The most important and helpful of this data is the past financial history of the undertaking, namely, the accounts.

Taking these accounts for periods of boom trade, slump trade and normal trade, we can get a broad basis upon which to base our calculations.

The net results of the trading of the years under review should be taken after writing back:—

- (a) All wages.
- (b) Interest on loans.
- (c) Dividends.
- (d) Income tax and excess profits duty.

We then get the earnings of the business before rewarding either labour or capital, and are faced with the ascertainment of, first, a minimum sum as representing the basic wages of the worker, and, second, a minimum amount to represent the interest on the owner's investment.

As profit sharing is not yet universal, the minimum wages will be gauged largely by rates fixed with trade unions, but, if not, it should be taken in accordance with the existing cost of living.

The fixed rate of interest upon capital, which is the next step, should be a flat rate upon the whole of the share capital and loan capital, irrespective of the interest or preference dividends which the company may have contracted to pay.

This rate of interest will be fixed, having regard to the nature of the business and the element of risk involved.

We can get some useful guide to this end by reference to the scale of percentages fixed by the Board of Referees for excess profits duty purposes, subject to proportional adjustment at this present date, following upon the fall in bank rate. At the same time we must ensure that after the actual debenture interest and fixed preference dividends have been met, a proper yield upon the ordinary shares is provided for.

In other words, the fixed rate under the scheme should as a general rule be at least equal to the highest rate of interest which the company has contracted to pay upon any of its loans or preference capital.

From this it would follow that where the fixed rate of interest under the scheme is greater than the rates contracted for in respect of loans, &c., then there is a margin of interest left over for the benefit of the ordinary shareholder. This is a reasonable proposition, having regard to the fact that it is the ordinary shareholder's assets which are pledged and in danger during periods of depression.

Having therefore determined the fixed wages and the fixed interest on capital, we must deal with the division of the surplus profits.

UNITS OF CALCULATION.

It always seems to present some difficulty to get units of calculation which will represent the proportions to which capital and labour respectively are entitled.

As a broad problem in economics it probably resolves itself into the question: How much labour is equivalent to, say, £100 lent to the undertaking? On first thoughts the question sounds like an attempt to add together oranges, apples, and pounds, shillings and pence, but on reflection we must come to the conclusion that if a man's work for twelve months is fairly represented by the flat wages which we have already fixed under the scheme, then the owner's financial services for the year will be represented by the minimum interest on his capital, also fixed under the scheme.

Accordingly the division of the remaining profits will be calculated in these proportions. Experience tells us, however, not to be too dogmatic in applying our mathematics to industrial problems, regardless of special circumstances, and our calculations must be tempered therefore by our judgment of any other matters peculiar to a business.

The next problem in dealing with labour's share of the profits is the individual distribution among the workers, and in devising our scheme it will perhaps be helpful to consider such factors as will enable us to ensure that so far as practicable the individual worker is getting his deserts.

Before discussing the *modus operandi* we must contemplate all reasons which will justify any particular worker receiving a greater share of profits than his fellow.

These are the main qualifications which will call for consideration:—

- (a) Length of service.
- (b) Quality of work.
- (c) Good timekeeping.
- (d) General conduct.
- (e) Meritorious acts.

At this point it becomes necessary for us to consider the method which is to give effect to the recommendations we have already considered, and here it is advisable to draw a very clear line between profit sharing and what is known as co-partnership.

CO-PARTNERSHIP AND PROFIT SHARING.

The great distinction between these two principles—and many people very loosely associate the two things as being one and the same—is that co-partnership calls for a capital holding by the workers, whereas profit sharing distinctly and solely deals with the distribution of profits.

At the present time many schemes which provide only for the reinvestment of the worker's wages in the business, either in shares or savings deposits, are erroneously called profit sharing or co-partnership schemes.

It is needless for us to embark upon arguments to show why such arrangements are neither profit sharing nor co-partnership, but perhaps we should bear in mind that throughout there is nothing to prevent the worker becoming a shareholder in his company as a matter of private and personal desire, although for our purposes we must deal with him upon the basis of rewarding him for his work and not for his savings.

While, therefore, it is possible to merge a profit sharing scheme into a compulsory co-partnership scheme by retaining for investment in the company some part of the worker's share of profits, it is to be anticipated at all times that the worker will require to be paid his share in full and to control the destiny of his own money. After all, the worker's end of the commercial bargain is to give his services. The company must not assume the role of a compulsory savings bank.

THE ISSUE OF "SCHEME" SHARES.

And so we have to deal with the allocation of the worker's profits without a capital basis to guide us, and this can only be done by means of points or units.

Better still, we can set up a system of hypothetical shares, and these will be awarded in accordance with the factors which we have already considered.

Thus a worker who has served with a company for so many years becomes entitled to so many of these shares—which let us call "scheme shares"; for good conduct, timekeeping, and the like he may have acquired so many additional shares.

At any time he is entitled to such proportion of the worker's total profits as is represented by the ratio of his own holding to the total number of "scheme shares" outstanding at the time of the "share out."

These so called "scheme shares," therefore, are a fluctuating quantity, but so long as the worker's individual interest is continuously preserved in relation to the whole issue there can be no objection.

Incidentally it may be observed that no expense in the way of companies registration duty is incurred in this manner.

ESSENTIAL PRINCIPLES.

Before passing on to the question of administration of the schemes it will be well to refer in a general way to certain fundamental matters, and then to proceed to the more minor considerations.

At this point we must remember that we are dealing now only with the general accountancy aspect of profit sharing, and we shall find when we have applied ourselves to the subject that it is a very extensive study if it is to be handled thoroughly.

We must be content now to consider the broad lines of procedure, leaving the minor detail to be dealt with in our application of the principle. Although we are apt to look upon profit sharing as a comparatively new practice we have a fund of experience to draw upon, and the sum total of this experience gives us certain axioms, they might almost be called, for our guidance.

As frequently happens, most of these guiding rules emanate from the history of those profit sharing schemes in the past which have failed in their object and been finally abandoned.

Shortly, the rules referred to are:—

(1) The exact basis of sharing the profits must be settled in advance. (That is to say, the end of the accounting period must not arrive and find the employer making up his mind upon an arbitrary gift to his workers.)

(2) The worker's share must be sufficient to be appreciable in normal times. (If the share per head is a merely nominal sum, then the most vital part of the scheme is lost, and the scheme becomes a needless expense.)

(3) Distributions must be frequent. (Here again arises the necessity to prevent the worker's interest in the scheme from lapsing through infrequent payments.)

(4) Inequality of distributions must be minimised. (Minor injustices may be difficult to obviate, but a carefully devised scheme will do away with the discontent which is apt to arise from "rough and ready" distributions.)

(5) Individual merit must be provided for. (Nothing is so disheartening to a worker as to know that by his own efforts he is carrying with him the idlers and the unambitious. Although profit sharing must be conducted largely upon the group system so that each is working for the community, at the same time we must cope with the human element, thus providing initiative with its reward.)

(6) There must be no elastic clauses. (Any scheme which admits of the worker's share being varied arbitrarily or unexpectedly by unrestricted reserves is in danger of failure.)

(7) The profits distributable should be certified by professional auditors. (This condition calls for no comment, and is one to which neither the worker nor perhaps the accountancy profession will object.)

(8) No channel for legitimate complaint must be closed to the workers. (This is not to say that any interference by the workers in the management should be countenanced, but in practice a representative committee of workers to deal with the scheme only has been found an effective antidote to any matters of discontent.)

(9) The profit sharing agreement with the workers must be legally binding. (Both employer and employee should enter into a definite contract through trustees. During experimental stages, however, the scheme can be carried on at will until imperfections are eliminated and a definite working basis reached.)

(10) The yield to the employer in respect of his capital must be adequate. (We have already dealt briefly with the method of ascertaining the owner's share, and in any case the reasoning here is too obvious to require further discussion unless we are to embark upon the principle of nationalisation.)

These ten rules have emerged from experience of both successful and unsuccessful schemes, and whenever the accountant finds his client inclined to disregard any of them it will behove him to urge the dangers which are apt to follow such disregard.

INCIDENTAL MATTERS.

But this list does not exhaust the accountant's aspect of profit sharing by any means, although it purports to lay down definite and essential principles to be observed. Among other things we are called upon to consider the following matters incidental to profit sharing :—

(1) The creation of pension or superannuation funds from the employees' share—with or without further contribution from the employer.

(2) The life and old age insurance of the workers by means of a group insurance policy, the premiums of which may be paid from the worker's share.

(3) The setting aside of a proportion of the worker's share over a certain sum in order to supplement small distributions in times of trade depression.

(4) The problem of dealing with casual labour upon a group system.

(5) The treatment of managerial and clerical workers.

(6) The application of some percentage of the worker's share for sundry purposes, such as recreation associations, benevolent funds, and the like.

RECORDS AND ADMINISTRATION.

When these matters have been decided upon there arises the all important question of administration.

It will not be an uncommon experience for the accountant to be told that the scheme is too elaborate and too costly.

The very old adage that a thing worth doing at all is worth doing well applies here more than in any other case we can perhaps call to mind, since nearly every scheme which has failed in the past has fallen down upon some injustice which has arisen through lack of careful administration.

When ways and means have been considered we shall find—assuming for the moment the particular concern to be properly organised—that it will not be a very difficult matter for a skilled accountant to graft, as it were, his system upon the material already in existence.

Let us suppose that monthly distributions are decided upon, then obviously monthly profit and loss accounts will be required.

Now monthly profit and loss accounts are drawn up in most well regulated undertakings, and for the purposes of the scheme the same figures will apply with some percentage of reservation to cover inaccuracies pending the half yearly or yearly audit.

If monthly accounts are not so drawn then either the audited accounts must be awaited, or, for the purpose of preserving interim distributions, some form of estimates may be prepared.

It will not involve too much clerical labour to mark on the wages sheets the number of scheme shares held by each worker, a register of such shares having already been set up.

The distribution to workers having been expressed as a sum of money per share, one additional column on the wages sheets will set out the worker's share.

This sum will then be added to the wages of the week in which distribution is made, and paid in the same pay envelope.

It is not necessary to accompany the sum by the equivalent of an ordinary dividend announcement or counterfoil, but as a more expedient method to post in the works in conspicuous places a notice of the distribution of so much per scheme share.

This notice can be in the form of a certificate from the auditors in the following terms :—

THE A. B. COMPANY, LIMITED.

WORKERS' MONTHLY DISTRIBUTION.

Quarter ended September 30th, 1925.

WE HEREBY CERTIFY that we have audited the accounts of the company for the month of September, 1925, and that the amount payable upon each share of the workers profit sharing scheme is.....per share.

(Signed).....

Incorporated Accountants.

Apart from the workers register referred to, each worker will hold a share certificate.

This might be in the form of a stiff card suitably worded on the front, and having the back ruled in small squares for the purpose of stamping therein an impression for each share allotted to the worker.

The chief value of such certificate is its psychological effect of ownership rather than its clerical utility, since all distributions will be based, of course, upon the company's register.

In due course comes the point at which these profit sharing transactions are to be recorded in the company's general books of account, and for these purposes one of two methods can be adopted.

The first one is the ordinary practice of charging the total share to a profit sharing account, which will eventually find its way to the profit and loss account in the same manner as a dividend account. Concurrently with this entry, of course, a credit account will be opened for sums which, under the scheme, are not to be paid away immediately, but reserved for some particular purpose.

The second method is to open a separate ledger for all accounts, recording the transactions of the scheme. This ledger may be linked with the company's books by a control account if the funds of the scheme are merged in the

company's own funds, or may be quite an independent ledger with its own cash book if the employees' funds are to be taken out of the business entirely.

A separate ledger after the manner indicated will be found to be preferable where a number of additional accounts are involved, such as pensions account, life insurance account, investments account, accounts for special grants, &c.

SMALLER BUSINESSES.

The procedure which we have so far dealt with has been conceived rather from the point of view of the large undertaking, but in principle it may be applied entirely to the small business, stripped only of the more elaborate machinery which the big business will call for.

For many years many small traders, no doubt of our own knowledge, have made yearly or half yearly bonuses to their employees, and in practically all of such cases these bonuses have depended largely upon the mood of the employer rather than upon a definitely preconceived plan.

There is no real reason why this should be so, particularly if it is realised how much more effective a profit sharing scheme can be when it is laid down in advance as a matter of legal right.

THE SPIRIT OF PROFIT SHARING.

There is a very important feature of profit sharing which, although not intimately connected with the subject of our present deliberations, is important enough for the professional accountant to keep in mind in dealing with his scheme and its administration.

Probably it could not be better expressed than in the words of the late Lord Leverhulme, who, as we all know, was one of the most active pioneers of modern profit sharing.

In a foreword given by Lord Leverhulme to a book on profit sharing (as yet unpublished) he says:—

"The great point of value in all schemes of profit sharing is the underlying motive to place employers and employees on the solid and equitable basis of mutual respect founded on joint participation in the profits of their own industry.

"It is not the mere money consideration that is the great attraction to either. In fact, in my experience of sharing of profits with employees the money element is perhaps entitled to the least consideration of all. It is the great uplift and inspiration that sharing of profits cultivates in the employee that constitutes its greater value both to employer and employee."

When, therefore, we are designing our scheme for the benefit of our client and his employee, let us be guided by our client's apparent desire to give his worker a square deal and to create throughout his works that spirit of co-operation upon which alone can industry thrive.

In the past, profit sharing has perhaps not been discussed so frequently as the many other subjects which concern our profession, but if we take a general survey of the industrial situation we shall not require a great deal of foresight to discern that the subject will rapidly take a serious place in our future professional lives.

Possibly the future final examination papers may contain some test of the student's knowledge or ideas in this direction.

I have purposely curtailed this paper to-night in order to allow ample time for discussion, and I shall therefore be glad to deal with any points which you may like to raise upon the paper to which you have given such kindly attention.

Discussion.

Mr. L. J. COZENS: There is one point I should like to raise. When losses are made, or there is not sufficient profit to pay the wages—would that be charged against capital, or carried forward to another year? I should like the Lecturer to deal with that point.

Mr. HIRST: Mr. Askwith mentioned that in a profit sharing scheme it is advisable to eliminate charges, such as wages, before arriving at the profits to allocate between the owners and the workers. He mentioned particularly the word "wages." I do not know whether he intended that to apply to manual labour only, or whether he intended to eliminate the salaries of the staff. Were the staff intended to participate in the profit sharing scheme, or was it the intention to apply that scheme to manual labour only, in order to bring about a greater measure of attainment and give the workers a lift up?

Mr. ABRAHAMS: I wonder whether the Lecturer could tell us whether profit sharing schemes are successful if started in times of depression? It occurs to me that such schemes could only be successful if started in times of great prosperity, because if they are worked on the lines indicated by the Lecturer, i.e., on shares based on past results, I do not think the company's profits would be enhanced by increased production. It seems to me that in very large undertakings the only workable profit sharing scheme is one based on a system of remunerating piece-work according to the merit of the worker. But that, of course, is not applicable to all undertakings. I would like to reiterate that these schemes cannot be very practicable in present times, owing to the existing depression of trade. If they had been started years back, in Victorian times, when profits were easily made, and got into full working order before now, they might have been advantageous to industry.

Mr. ADDISON: I think one of the reasons why trade unionists are against these schemes is that the workers do not see all the cards. How would you suggest that monthly results could be effectively certified by accountants who must necessarily take estimated figures, which probably would not always hit the mark? Would you agree that the auditors of the company would be the best people to certify the profits for these schemes?

Mr. HART: One point which I do not think the Lecturer mentioned was in connection with interest on capital. He referred to share capital and loan capital, but the question of fluctuating bank interest occurred to me—whether that should be cut out in the original calculations as to what the average profits of the concern have been in years past, and how they could be dealt with in the accounts for the year in question. Many concerns might have preference shares with interest payable up to 8 and even 10 per cent., whereas the rate charged on a bank loan might possibly be only 5 per cent., and that could very easily be manipulated to the benefit of the shareholders. Apart from that, the valuation of the assets seems an important point. If a company has been running for many years it is quite possible that a large amount of the capital sunk in the first place would not be represented by assets, but by goodwill. I should like to know what the Lecturer considers should be done in that case. A further point is the question of the certified accounts. He suggested that the auditors should supply a certificate to the effect that a certain amount was payable in respect of each share, but I doubt whether that would really be effective in satisfying the workers. Does not he think that they would in all cases require to see a certified copy of the accounts, so that they could reconcile their share of the profits with the actual profits of the concern?

A STUDENT: There is just one point that occurs to me in connection with the ascertainment of the divisible balance of profits. I noticed, in his lecture, the Lecturer stated that he proposed to eliminate taxation. It is quite true that taxes do not form part of the profits earned—they are an allocation of profits—but, at the same time, they have to be paid by the company, and if they are not charged in arriving at the distributable balance it is difficult to see where the money is coming from, supposing the balance happens to be comparatively small, and a large proportion of it—say half of it—goes to the workers, for example. It seems that the

company might render itself insolvent. On the other hand, if you charge taxes I can quite see there would be an obligation when you came to distribute, because you would be paying wages out of taxed profits. I should like to hear the Lecturer's views on that point.

Mr. ASKWORTH: I will now endeavour to deal with the questions which have been asked. The first point raised was as to the question of losses, and how it was proposed to deal with them. Naturally, when you are making losses there is nothing to go to the worker in a bad year, but there comes the all-important question of recouping, or not recouping, those losses in future years, and this point wants very carefully weighing up. I think there are two schools of thought on this particular matter; it is felt very largely that you must not recoup losses of capital out of your workers' existing profits, but out of your own. I am now talking from the capitalists' point of view. The injustice which might arise, if you did that, is that a derelict business might very easily be built up and rescued from dire poverty by a group of workers who had never been concerned with the past. That is only one aspect of the thing. Of course, it has to be considered to what extent, if at all, you can make some adjustment in your scheme in respect of losses. It probably comes down to a matter of degree, having regard to the circumstances. Personally, I do not advocate recovering losses at all, any more than recovering fixed wages out of future profits. Mr. Hurst raised a question with reference to the elimination of wages and other items in arriving at the distributable profits. I mentioned those points because at the time we were going into the question of devising the scheme by reference to the past financial history of the company. It does not arise after you have settled your basis. I raised that so that you could ascertain what you would have had in the past to distribute if the scheme had been in existence, and, at a time when you were visualising your scheme, what money you would have to deal with before either the owner or the worker had anything, and I cut out taxation. I do not think I said that taxation should be excluded in dividing the profits. You will find that the Inland Revenue will allow as wages all amounts paid to workers under a profit sharing scheme. Because you devise a scheme which, after all, from the taxation point of view is a fancy piecework system, there is no justification for the Inland Revenue to involve itself in the enormous number of repayment claims which would arise if the taxation were to be deducted from the worker's share and left to him to recover. The next question raised was with regard to the clerical staff as against manual labour. Well, I very strongly advocate the inclusion of the clerical staff and, in fact, everybody from the manager downwards. I exclude the board of directors, the managing director, and very highly skilled men in an administrative position, who probably have already got special contracts for a number of years on very definite terms having regard to their abilities and qualifications. I was asked what would be the effect of starting a profit sharing scheme in times of depression. Well, let me, without going into a very long economic discussion, point out and remind you that at the present time the whole spirit behind profit sharing is to overcome times of depression, if those times of depression are brought about largely by labour troubles. It is a very big undertaking, but that is the idea behind profit sharing. We may not be able to counteract the other causes of depression in trade. It seems to me that if the cause is not labour discontent, if it is some other factor, then it is no use starting the scheme at all while such depression exists. It would be like building a motor car without any petrol to run it. Piecework systems, of course, do run in times of depression, they run at all times, but piecework must be divorced entirely from profit sharing. Piecework has a lot of elements in it which a profit sharing enthusiast would denounce immediately, such as scampered efforts, the wasteful use of materials and the abuse of tools and machinery. Then someone suggested that the workers did not see all the "cards"—in other words, the detailed accounts of the company. But they do not see them now. In the case of public companies they can see the balance-sheets, which may or may not convey something to a workman or, indeed, to an accountant. Personally, I do not see any objection, but in certain cases there may be good reasons why an employer should not show his accounts to the worker. In the past a

lot of suspicion has arisen from the fact that he did not wish the worker to see how much he was making. If your scheme is going to be laid down on ideal lines the worker will probably know at once how much is being made, and personally I see no objection to it, as we have got to the stage now when we are going to distribute our profits at a certain rate as between capital and labour. Before passing from that question I should like to say that my experience has been that many of the trade union leaders—and there are some intelligent men amongst them—have got very erroneous and inflated ideas of what some undertakings are making, and it is very easy to get such ideas if you have not much information. In political matters one usually errs by giving himself the benefit of the doubt if he has not full information. One of the speakers thought it might be undesirable, or unacceptable, to the worker to have the company's own auditor certifying the profits. If so, then provision must be made for some modified audit by someone else if the owner feels inclined to acquiesce in that. But at the present time I do not see any indication that the workmen would mistrust the figures certified by a professional accountant. I think any Chartered or Incorporated Accountant would pass muster with most of the men in an industry. Under the coal mines agreement there are two sets of auditors to each district, one being nominated by the owners' association and the other by the trade union, and they certify the share which is due in the regions selected. The question as to interest on capital and the fluctuation of bank interest I think I dealt with. I think provision could very easily be made for modifying the rate of interest under the scheme if the bank rate fluctuated considerably at a future date. On the question of the various denominations of capital and receiving different rates, I tried to show that where a company had contracted to pay, say, 10 per cent. on a certain class of share, and 8, 6 or 5 per cent. on others, the all round rate should be the maximum rate fixed; so that the tail end shareholders would get more than the fixed rate—they would get their own fixed rate plus the difference between the rates contracted for and the rates under the scheme. The valuation of assets, of course, is a very important point. Many companies we know keep their assets in at pre-war values, which are not at all commensurate with post-war values. I think if a scheme is to be worth while, in the absence of an agreed valuation, an independent valuation might always be worth the expense, but in most big concerns there is a valuation in existence for insurance purposes and for borrowing purposes. Where assets have been written down excessively in the past, account would be taken of that in arriving at current values.

Mr. F. NEAL: The Lecturer has spoken of hypothetical shares, and the question arises as to how we are to get at those in the first place. The only way I can see is to base them on the value of the wages paid to the men. A man with long service would get more than a man with short service, and, similarly, a man who is doing his work well would be promoted and so receive more. Therefore, I do not see that it is necessary to go in for hypothetical shares. Supposing the capital of a company was £5,000 and the wages paid amounted to £500; the shares take 10 per cent. interest on capital. Assuming that the wages paid are 10 per cent. of the capital value the wages would be worth £5,000. Now take £1,000 as being the surplus profits; that gives us 10 per cent. of the combined capitals; so that we would have 10 per cent. on the capital value of the wages, which would give 100 per cent. on the amount of wages paid. I think that is a good way of arriving at the amount to be paid up on a profit-sharing scheme. In manual labour a man is fined if he is late or stays away; his wages would be decreased and his capital value would be decreased accordingly. With regard to superannuation—does not that look as if you were taking away some of his money? That is how the men would look at it. In the railway companies, when money was taken away for a superannuation fund, the men did not agree with it, thinking that some of their wages were being taken from them.

Mr. ASKWORTH: I am glad you raised those questions, because they form part of a number of other questions which would be asked before we could get anything like a perfect scheme. At present I do not know of a perfect scheme of profit-sharing. The basis you suggest is already in operation. You suggest, and rightly, that it is a reasonable

factor to take the wages and calculate back the capital which they represent, and then distribute the profits accordingly. You use the individual wages as the factor which should guide distribution among the workers. As a matter of fact that has got these disadvantages. You have two workmen "A" and "B," both very conscientious. "A" started work at the beginning of 1924 and his wages are £5 per week, whereas "B" started 25 years ago and he is probably getting now £6 per week. You feel—and, I think, rightly—that you would like to compensate "B" to a much greater extent by virtue of the additional 24 years' service than you would do by giving him one-fifth over "A's" share. The hypothetical shares awarded according to length of service enable you to do so. Care must be taken to make the award on such a basis that you would not go to the other extreme, so that the older employees would be taking practically everything and leaving little or nothing for the new comers. You have to consider the average working life of a workman, and other factors of a similar character. The deduction for superannuation purposes is a little objectionable. Many of us have had those feelings expressed to us. At the same time, although it is treading on something which, I suggest, should be avoided, viz., the compulsory saving system, I do not think that for such a small thing as a superannuation fund one could have much objection to it. Someone has suggested that a card index should be adopted. Where you are dealing with hypothetical shares you would have to have a card index to show how many shares a man is carrying at any particular time. The factors I mentioned were length of service, good conduct, an act of bravery, &c. The wages basis alone would not reflect that quite fully. A man who has not the advantage of having extra shares for length of service can always get extra shares for good work, keeping good time, or anything else you like to introduce into the scheme. That is largely the justification for using these hypothetical shares.

The CHAIRMAN: You say you are going to allot these hypothetical shares under the heads "A" to "E"; those are to be the factors which will influence you in allotting the shares for which you are to give the worker a share certificate, or a share card. If subsequently he does not prove satisfactory—anything in respect of the qualifications given under "B" to "E"—it seems to me difficult to reduce his shares, as it would probably create a certain amount of discontent.

Mr. ASHWORTH: The Chairman has properly raised this point of penalising a man for bad time-keeping, or other things, after he has acquired a certain number of shares. In practice it is a very difficult thing to do. When his time falls in for additional shares, you can make provision for withholding, or suspending the award of additional shares without necessarily taking away from him the shares he holds. The shares he holds are already becoming swamped by the additional shares that are always being awarded. He is automatically suffering, for he does not keep pace with that—probably not to the degree he would like.

Mr. WALTER HOLMAN, Incorporated Accountant: If there had been time I should like to have asked the Lecturer why he considers it intolerable that the worker should claim to take some share in the management of a business? It is, perhaps, going a little outside the strictly accountancy side of the question we are supposed to be considering to-night, yet on the whole, I think, fundamentally, it goes to the very root of the matter. Profit sharing, shortly, is an effort to capture the interest, the enthusiasm and the willing co-operation of the workers. If you can do that, then it will not only be a matter of paying out some money; every privilege carries with it an obligation, and if the men receive payment under a profit sharing scheme, they should contribute to the business something in compensation for that. I think the workers would willingly do so and, moreover, they could usefully contribute by suggestions and by co-operation, to the success of the business. These points occurred to me in connection with the Lecturer's remarks about the necessity of laying down rules for the creation of reserves. I speak purely from theory—I cannot speak from practical knowledge of this subject. But I imagine that in devising any scheme it would be very difficult to specify the reserves to be made in any particular circumstance. Therefore it seems to me that for any profit sharing scheme to be ultimately successful, it

would be necessary for representatives of the men to confer with the management for the purpose of deciding what reserves should be made. That is merely an example of the subjects which should be discussed. One can imagine that strict business prudence would demand in any one year very liberal reserves being made for depreciation, but it would be very difficult, I imagine, to convince the men of the urgency and the necessity of that if the creation of those reserves meant the doing away with any share for them of any profits for that year. It seems to me, therefore, that a properly managed profit sharing scheme should involve, and to be really successful must involve, a share of the workers in shaping and deciding the policy to be followed. I would like, having said that, to move a vote of thanks to the Lecturer. If I admit that the lecture in parts aroused opposition in me, he will accept that as a compliment, because anything that stimulates opposition, or stimulates thought of any kind, is all to the good. It is with very great pleasure, therefore, I move a hearty vote of thanks to the Lecturer for his lecture to-night.

Mr. WORMIT seconded the motion, which was carried with acclamation.

On the motion of Mr. G. H. BRIDGE, the chairman was accorded a hearty vote of thanks for presiding.

District Societies of Incorporated Accountants.

NEWCASTLE-ON-TYNE.

On December 11th a paper was read before this Society by Mr. Wilfred H. Grainger, A.S.A.A., on "Some Aspects of General Commercial Knowledge." The chair was occupied by Mr. M. H. Groves, A.S.A.A., West Hartlepool. Mr. Grainger referred in outline to the methods of Stock Exchange transactions, the weekly statements of the Bank of England, and the relation of the price of gilt-edged securities to the bank rate. The paper also contained a brief review of methods of insurance, the nature of life assurance and indemnity insurance, and the respective accounts required by statute. The meeting closed with a vote of thanks to the Lecturer.

SOUTH OF ENGLAND.

EASTBOURNE BRANCH.

Syllabus of Lectures.

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| 1925. | |
| Oct. 16th. | "Commercial Law," by Mr. W. H. Grainger, A.S.A.A. |
| Nov. 20th. | "Some Notes on Income Tax," by Mr. E. J. Waldron, A.S.A.A. |
| Nov. 30th. | Five Short Papers:—
"The Preliminaries of Bankruptcy Procedure," by Mr. E. T. Moseley, A.S.A.A.
"Points to be Observed in Audits—re Stock-in-Trade," by Mr. H. H. W. Perkins, F.S.A.A.
"Promotion of a Company," by Mr. F. J. C. Butcher, A.S.A.A.
"Debentures and Debenture Stock," by Mr. G. Lincoln.
"Issue, Transfer and Redemption of Stocks and Shares," by Mr. H. I. Burrell, A.S.A.A. |
| Dec. 18th. | "Company Accounts: Amalgamations, Reconstructions and Absorptions," by Mr. A. Picken, A.S.A.A. |
| 1926. | |
| Jan. 15th. | "Liquidators, Trustees and Receivers: Practical Points on Assuming Office," by Mr. F. Woolley, F.S.A.A. |
| Feb. 19th. | "Banking," by Mr. R. E. Watkins. |

1926.
 Mar. 19th. "Insurance," by Major W. A. Sparrow, O.B.E.,
 F.S.A.A.
 April 16th. "Economics," by Mr. H. Cross, B.Sc.(Econ.).
 All the above meetings will be held at 2, Grove Road,
 at 7.30 p.m.

SHEFFIELD.**Annual Report.**

Your Committee have pleasure in presenting to the members the following report of the work of the Society for the year 1924-25:—

MEETINGS.

A number of meetings were held in conjunction with the Sheffield and District Institute of Chartered Accountants, the Sheffield and District Institute of Bankers, and the Sheffield and District Chartered Institute of Secretaries. The innovation proved successful and the lectures were exceptionally well attended. Your Committee would like to take this opportunity of placing on record their thanks to the Lecturers for their services, and also to Mr. W. G. Lee, the Secretary of the Chartered Institute of Secretaries, for the excellent arrangements made.

In addition to these lectures, informal meetings of the members and students have been held. Your President (Mr. C. H. Wells) delivered a lecture on "Cost Accounts," and Mr. P. Toothill also contributed a paper on "A Few Reminiscences of an Incorporated Accountant." A joint debate with the Nottingham and District Society of Incorporated Accountants was held at Nottingham on October 17th, 1924.

PARENT SOCIETY.

The Hon. Secretary attended the annual meeting of the Parent Society in London in May, 1925, and was also present as a member of the Council at the Conference of representatives of District Societies which was held the following day. Mr. J. W. Richardson was appointed by your Committee to attend this Conference as representative of the Sheffield and District Society. There was a large attendance of representatives, and many matters in connection with the work of District Societies were discussed.

YORKSHIRE.

The sixth meeting of this Society was held at Leeds on December 1st, 1925. Mr. H. W. L. Reddish, A.C.A., Rugby, read a paper on "Claims under Sect. 34 of the Income Tax Act, and also on Super Tax in relation to Companies." The chair was occupied by Mr. J. W. Carter, F.S.A.A., Leeds. The Lecturer supplied copies of thirteen practical examples, and explained each one in detail; they were afterwards discussed by the members present. On the motion of Mr. A. J. Naylor, seconded by Mr. V. Rowden, the meeting concluded with a hearty vote of thanks to the Lecturer.

An interesting address was delivered to this Society by Mr. William Claridge, F.S.A.A., at Leeds, on December 15th last. The chair was occupied by Mr. Fredk. Holliday (President of the Yorkshire District Society), and he was supported by a good attendance of members. Mr. Claridge's paper was followed by a discussion, and upon the motion of Mr. F. C. Crosland, seconded by Mr. G. Astle, a hearty vote of thanks was accorded to Mr. Claridge for his paper.

ROYAL NAVAL RESERVE.

(ACCOUNTANT OFFICERS.)

The ninth annual re-union dinner will be held on Friday, January 8th, 1926, at 7.15 p.m. for 7.45 p.m., at Princes' Restaurant, Piccadilly, London, W. It is hoped that present and former Accountant Officers of the Royal Naval Reserve will be present at the function. Tickets (price 15s.) can be obtained from Paymaster Lieut. A. A. Garrett, R.N.R., 50, Gresham Street, London, E.C.2, or Paymaster-Commander A. F. Stoy, R.N.R. (Hon. Secretary), 103, Cannon Street, London, E.C.4.

Society of Incorporated Accountants in Ireland.**TWENTY-THIRD ANNUAL GENERAL MEETING.**

The 23rd annual general meeting of the above Society was held recently in Dublin. The President, Mr. R. J. Kidney, F.S.A.A., occupied the chair, and there were also present Mr. A. J. Magennis and Mr. C. P. McCarthy, M.Com. (Cork), Mr. James Boyd, Mr. Norman Booth and Mr. Robert Bell (Belfast), Mr. Jas. A. Kinnear, Mr. A. C. Storey and Mr. A. J. Walkey (Dublin), and Mr. A. H. Walkey, Hon. Secretary.

President's Address.

In proposing the adoption of the report and statement of accounts, the President said: I have much pleasure in submitting to the members of the Irish Branch the usual report of the activities of the Branch during the past year. The Society is still going forward, and a steady increase of membership is recorded. While dealing with the question of membership, I would like to draw the attention of Incorporated Accountants throughout Ireland to the fact that they are expected to support the Irish Branch by becoming members. The subscription is small, 10s. 6d., and the funds are used for the purpose of furthering the interests of our Irish members. The Committee are anxious to hold lectures during the winter months, and the funds will be utilised for this purpose. The usual examinations were held in November, 1924, and May, 1925, the total number of candidates being 67, viz, Final 15; Intermediate 32, and Preliminary 20. The reports to hand from the Belfast and District Society are encouraging, and reflect great credit on the work of the Committees and Hon. Secretary.

With regard to the question of registration for the profession, I am unable to make any statement at present further than to say that this matter is still receiving the attention of the Institute of Chartered Accountants in Ireland and ourselves, and that every care will be taken to safeguard the interests of the members of our Society.

As your President, it was my privilege to occupy the chair at a memorable dinner in March last. Our principal guests were Mr. Ernest Blythe, Minister for Finance, Mr. Thomas Keens, Vice-President of the Parent Body, Mr. A. A. Garrett, Secretary, Mr. John Mackie, representing the Institute of Chartered Accountants in Ireland, and Mr. William Crowe, President of the Dublin Chamber of Commerce. The Committee are under a very great debt of gratitude to your Hon. Secretary, Mr. A. H. Walkey, who spared no efforts to make the gathering a success. On the morning of the dinner a special meeting was held, and taking advantage of the fact that both Mr. Keens and the Secretary, Mr. Garrett, were present, many important matters were dealt with. Mr. Charles McCarthy, M.Com., F.S.A.A., was elected a member of the Committee at this meeting.

The history of the Society is a long and honourable one, and I can safely say that at no period did it stand higher in the estimation of the community than at the present time. It is our duty and privilege to uphold that prestige and so merit a continuance of the public confidence which we now enjoy.

I have much pleasure in moving the adoption of the report and accounts which our Hon. Secretary has presented to you. The motion was seconded by Mr. Norman Booth, and passed unanimously.

The election of officers and members of the Committee for the ensuing year was then proceeded with as follows:—President, Mr. Norman Booth (Belfast); Vice-President, Mr. A. H. Walkey (Dublin); Hon. Auditor, Mr. T. Condren Flynn (Dublin); Committee: The President, Vice-President, and Mr. R. J. Kidney, Mr. A. J. Magennis, Mr. Jas. A. Kinnear, Mr. James Boyd, Mr. Robert E. Bell, Mr. C. P. McCarthy, M.Com., and Mr. A. J. Walkey.

Votes of thanks to the out-going President, and to the Hon. Secretary, terminated the proceedings.

Society of Incorporated Accountants and Auditors.

RESULTS OF EXAMINATIONS, NOVEMBER, 1925.

Passed in Final.

Order of Merit.

DODSWORTH, GLADYS ELIZABETH MARY, Clerk to A. H. Barron (Barron & Barron), 1, Minster Gates, York. (*First Prize and First Certificate of Merit.*)

ELLIOTT, STANLEY JAMES, Secretary and Chief Accountant, A. Milburn & Co., Limited, Laura Street, Sunderland (formerly Clerk to Hughes & Allen, London). (*Second Prize and Second Certificate of Merit.*)

HAWKINS, LEONARD CECIL, Clerk to Deloitte, Plender, Griffiths & Co., 5, London Wall Buildings, London, E.C.2. (*Third Certificate of Merit.*)

GOWER, HENRY HERBERT JOHN, Clerk to Westacott, Quaife & Co., Gwydir Chambers, 104, High Holborn, London, W.C.1. (*Fourth Certificate of Merit.*)

ROWDEN, FRANK VIVIAN, Clerk to Sir Charles H. Wilson, LL.D., M.P., Wilson's Chambers, 7, Greek Street, Leeds. (*Fifth Certificate of Merit.*)

COLTON, THOMAS, Clerk to Shuttleworth & Haworth, Lloyds Bank Buildings, King Street, Manchester. (*Sixth Certificate of Merit.*)

WILKS, DAVID JAMES, Accountant's Department, Taf Fechan Water Supply Board, Merthyr Tydfil. (*Seventh Certificate of Merit.*)

Alphabetical Order.

ABBEY, THOMAS WILLIAM, Borough Treasurer and Accountant's Department, Municipal Buildings, 170, Victoria Street, Grimsby.

AGELASTO, EMMANUEL JOHN, Clerk to Blandford, Widdowson & Simpson, Capel House, 54, New Broad Street, London, E.C.2.

AINSWORTH, WILLIAM, 39, Ainsworth Street, Blackburn, Practising Accountant.

AITCHISON, JAMES, Borough Treasurer's Department, Town Hall, Wednesbury.

APPLEGATE, CAROLINE DOROTHY, Clerk to Percy E. T. Thomas, St. Margaret's House, 57 & 59, Victoria Street, Westminster, London, S.W.1.

ARNOLD, FREDERICK VERNON, Clerk to R. Carpenter, Midland Bank Chambers, North Street, Brighton.

ASHBY, EDGAR, Treasurer's Department, The Council House, Birmingham.

BANKS, WILLIAM HOWARD, Clerk to Beevers & Adgie, 26, Park Row, Leeds.

BARKER, HORACE HENRY PERCIVAL, Office of the Special Commissioners of Income Tax, York House, Kingsway, London, W.C.2.

BARNES, BERNARD, Finance Department, Ministry of Labour, Queen Anne's Chambers, Westminster, London, S.W.1.

BARRACLOUGH, ALLAN, Borough Treasurer's Department, Town Hall, Batley.

BARRATT, DANIEL, Clerk to Thomas Silvey & Co., Palatine Bank Buildings, 10, Norfolk Street, Manchester.

BELTON, OWEN JOSEPH, Clerk to Atkinson & Boyd, 63, Hill Street, Newry.

BOWERS, HAROLD, Clerk to W. A. Nixon (Alfred Nixon, Son & Turner), 31, Victoria Buildings, St. Mary's Gate, Manchester.

BROWN, HUBERT ELMORE, Clerk to J. Dix Lewis, Caesar & Co., Kennan's House, Crown Court, Cheapside, London, E.C.2.

BRYAN, FREDERICK WILLIAM, Clerk to J. & J. Sawyer & Co., 31, Budge Row, Cannon Street, London, E.C.4.

BUTLER, FREDERICK GEORGE, Clerk to Wheeler, Monro & Campbell Brodie, 41 & 42, King Street, Covent Garden, London, W.C.2.

CHADWICK, REGINALD, Clerk to H. R. Evans, 17, George Street, St. Helens.

CHAPMAN, HUBERT, Clerk to William M. Gray, Son & Co., Palmerston Buildings, 5, Manor Row, Bradford.

CLARK, EDWARD JOHN, Clerk to Deloitte, Plender, Griffiths & Co., 5, London Wall Buildings, London, E.C.2.

CLARKE, EDWARD JOHN, Clerk to F. J. Clarke & Co., Oriental Chambers, Doncaster.

COATESWORTH, CHARLES ERNEST, Clerk to Barron & Barron, 1, Minster Gates, York.

CROUCH, FRANK HENRY, Clerk to W. Davie Burlinson (W. D. Burlinson & Co.), Union Bank Chambers, Batley.

DASTUR, ERACH JAMSHEDEJI, Clerk to Sorab S. Engineer & Co., Morarbhoy Buildings, 45, Apollo Street, Fort, Bombay.

DAVIDSON, JAMES HENRY, Clerk to H. T. Millman (Thomas May & Co.), Prudential Chambers, Grey Friars, Leicester.

DAVIS, THOMAS GUY, Clerk to Wilson, de Zouche & Mackenzie, 2, Norfolk Street, Strand, London, W.C.2.

DAY, HAROLD JOHN TERRETT, M.A., Clerk to E. T. Brown (E. T. Brown & Co.), Gresham Chambers, Lichfield Street, Wolverhampton.

DERWICK, HAROLD, Clerk to A. France & Co., West Bar Chambers, Boar Lane, Leeds.

DODDS, HERBERT JAMES, Captain, Corps of Military Accountants, Newcastle-on-Tyne.

DOWNING, ARTHUR EDWARD, Clerk to Viney, Price & Goodear, 99, Cheapside, London, E.C.2.

DRAKE, HARRY GRIMSHAW, Clerk to H. V. Wood & Co., District Bank Chambers, Huddersfield.

DRANE, HAROLD ROBERT PERCY, Clerk to Goddard, Dunkley, Davie & Fryer, 3, London Wall Buildings, London, E.C.2.

DRURY, SAMUEL JAMES, Clerk to Fredk. & C. S. Holliday, Pearl Chambers, East Parade, Leeds.

DYSON, KENNETH DALE, District Bank Chambers, Market Street, Huddersfield, Practising Accountant.

EATOUGH, PERCY, Clerk to James Todd, 7, Winckley Square, Preston.

FARTHING, WALTER LESLIE, Clerk to Wilfred Tullett, Post Office Chambers, Northgate, Darlington.

FENNEMORE, CHARLES WALTER, Clerk to Kain, Brown, Bennett & Clark, 59, Chancery Lane, London, W.C.2.

FLETCHER, CECIL EDGAR, Clerk to Hopps & Bankart, 25, Friar Lane, Leicester.

FOULSTON, GEORGE FREDERICK, Clerk to Keens, Shay, Keens & Co., 11, George Street West, Luton.

GEORGE, SIDNEY CHARLES, Accountant Officer, Royal Air Force, Digby, Lincs.

GIBSON, JOSEPH HENRY, Clerk to Forster & Craven, 28, Deansgate, Manchester.

GOWAN, HENRY EDWARD, Clerk to Darke, Robson & Batty, 146, Bishopsgate, London, E.C.2.

GRAY, THOMAS WHALLEY, Clerk to Franklin, Wild & Co., Orient House, 42/45, New Broad Street, London, E.C.2.

GRIFFITHS, THOMAS JOHN, Clerk to J. Wallace Williams (J. Wallace Williams & Co.), 5, St. Andrew's Crescent, Cardiff.

HARRIS, FREDERICK GEORGE, Clerk to W. M. Bayliss, Sons & Co., 16, Broad Street, Oxford.

HARRISON, SAMUEL, Clerk to Price, Waterhouse & Co., National Bank Building, James Street, Liverpool.

HERBERT, CYRIL HERBERT, Clerk to Felton & Co., 131, Edmund Street, Birmingham.

HERBERT, TEASDALE FLETCHER, Clerk to Bryce, Hanmer & Co., Harrington Chambers, 24/26, North John Street, Liverpool.

FINAL—continued.

- HILL, LAURENCE METCALFE, Clerk to T. R. G. Rowland (W. T. Walton & Son), 3, Scarbro' Street, West Hartlepool.
- HOLBOURN, EDWARD DOUGLAS, Accountant's Department, The Maldens and Coombe Urban District Council, Council Offices, New Malden.
- HOLLINGWORTH, FRANCIS VERNON, B.Sc., Clerk to W. H. Grainger, 5, Staple Inn, London, W.C.2.
- HOPE, CHARLES RICHARD HUMPHRIES, Clerk to Cole, Bond & Co., 48, Gresham Street, London, E.C.2.
- HOUGHTON, WALTER, Clerk to Whittaker & Provis, 3, Mount Street, Manchester.
- HULATT, GEORGE, Corps of Military Accountants, Victoria Barracks, Belfast.
- HUNT, ROYDEN CLAUDE, Clerk to W. Hill Hunter & Co., 150, North Street, Brighton.
- KENDALL, CYRIL ERNEST, Clerk to J. N. Godkin (Herbert Godkin & Co.), 8/10, De Montfort Chambers, Horsefair Street, Leicester.
- KENDALL, ROY, Park Square Chambers, Leeds, Practising Accountant.
- KERSHAW, JOSEPH WRIGHT, Clerk to Charles D. Buckle, 25, Cheapside Chambers, Bradford.
- LAKE, WILLIAM, Finance Department, Willesden Urban District Council, Town Hall, Dyne Road, Kilburn, London, N.W.6.
- LANE, SYDNEY, County Accountant's Department, Shire Hall, Nottingham.
- LEGG, MARJORIE MARY, Clerk to W. Southwood Smith (Walter J. Smith & Son), St. Bartholomew Chambers, 61, West Smithfield, London, E.C.1.
- LEGETT, ALLAN LEOPOLD, Clerk to Mundy, Brewer & Co., 3, Wood Street, Queen Square, Bath.
- LLEWELLYN, ALFRED JOHN, Clerk to H. Kingston (H. Kingston & Co.), Peninsular House, 28, Monument Street, London, E.C.3.
- LOMAX, CYRIL MORTON, Clerk to Lomax, Clements, Sons & Beddall, Greenwich House, 10/13, Newgate Street, London, E.C.1.
- MCAUSLAN, PETER CAMPBELL, Clerk to E. A. Bell, 239, High Street, Ayr.
- MCINTYRE, JOHN, Clerk to Samuel Ralphs & Son, Castle Chambers, 6, Vernon Street, Stockport.
- MATE, HENRY JOHN, Clerk to Edward Blinkhorn, Lyon & Co., Bank Chambers, 69, Leadenhall Street, London, E.C.3.
- MILTON, ALFRED GEORGE, Borough Treasurer's Department, Municipal Offices, Southampton.
- MOFFAT, FESTUS, 126, High Street, Falkirk, Practising Accountant.
- MOIR, LESLIE JOHN ANGUS, Borough Accountant's Department, Town Hall, Croydon.
- MOORE, ALFRED NORMAN, Clerk to Ridsdale & Ridsdale, Midland Bank Chambers, Bridge Street, Walsall.
- MOORE, FREDERICK VICTOR, Clerk to Howard Morris & Crocker, 20/23, Pearl Buildings, Portsmouth.
- NAYLOR, WILLIAM, Borough Treasurer's Department, Town Hall, Halifax.
- NELSON, ALFRED, Clerk to Peat, Marwick, Mitchell & Co., Royal Exchange, Middlesbrough.
- NICHOLS, FRANK ALBERT, Clerk to Brown, Peet & Tilly, 37/40, Mark Lane, London, E.C.3.
- NICHOLSON, NORMAN, Clerk to W. T. Walton & Son, 3, Scarbro' Street, West Hartlepool.
- NIGHTINGALE, WILLIAM HAROLD, Clerk to Stanley F. Stephens & Co., New Hibernia Chambers, London Bridge, London, S.E.1.
- NORTON, LEOPOLD GERARD, Clerk to Sir James Martin (Martin, Farlow & Co.), 50, Gresham Street, London, E.C.2.
- O'SULLIVAN, NIALL DAIRE, Clerk to Atkins, Chirnside & Co., 11, South Mall, Cork.
- PAGE, DAVID GEORGE, Accountant's Department, Metropolitan Water Board, 173, Rosebery Avenue, London, E.C.1.
- PATTERSON, ANNIE EMMERSON, The Deputy Public Trustee Office, Albert Square, Manchester.
- PEARSON, WALTER, Clerk to Wheawill & Sudworth, Westgate, Huddersfield.
- PECKER, CLAUDE BERTRAM, Clerk to D. O. Dyke, The Old Mansion, St. Mary's Street, Shrewsbury.
- PETERSON, PETER ARNOLD, Clerk to B. de V. Hardcastle, Burton & Co., Coventry House, South Place, Moorgate, London, E.C.2.
- POPERT, KATE ANNIE, Finance Department, Ministry of Labour, Montagu House, Whitehall, London, S.W.1.
- PRIMMER, GILBERT JOHN, Clerk to T. Dutton (Dutton, Armstrong & Co.), 4, Piccadilly, Manchester.
- RADCLIFFE, JAMES DRENNAN, Clerk to J. H. Allen (Crawford & Allen), 5, Bedford Street, Belfast.
- READ, LESLIE WAKEFIELD, Clerk to A. H. Edwards (Edwards & Edwards), 22, High East Street, Dorchester.
- REASON, ALBION GEORGE HERBERT, Clerk to A. F. Sharp (Hilton, Sharp & Clarke), 14, Gray's Inn Square, London, W.C.1.
- RICKETT, WILLIAM HENRY ABRAHAM, Clerk to Whinney, Smith & Whinney, 4B, Frederick's Place, Old Jewry, London, E.C.2.
- RIDDINGTON, CYRIL ROBERT, Clerk to Watson & Tebbet, 24/26, Corridor Chambers, Market Place, Leicester.
- ROBERTS, STANLEY, Clerk to Ward & Clarke, 51, Hoghton Street, Southport.
- ROSS, LEONARD, A.C.A. (Gwynne & Ross), Walker Street Chambers, Wellington, Salop, Practising Accountant.
- RUSSELL, PATRICK WILLIAM GEORGE, Clerk to F. W. Fox, 14, King Street, Leicester.
- SCOTT, GEORGE HAMPSHIRE, Clerk to T. Revell, Standard Buildings, City Square, Leeds.
- SLATER, IVOR HENRY, Clerk to Ernest R. Bradley, 584, Christchurch Road, Bournemouth.
- SMITH, ARTHUR JOHN, Clerk to Edward Blinkhorn, Lyon & Co., Bank Chambers, 69, Leadenhall Street, London, E.C.3.
- SMITH, HAROLD, Clerk to R. E. Mitchell, 8/9, Mansion House Chambers, 11, Queen Victoria Street, London, E.C.4.
- SMITH, HENRY ALBERT, Clerk to Peat, Marwick, Mitchell & Co., 11, Ironmonger Lane, London, E.C.2.
- SMITH, JOHN HANSON, Clerk to H. D. Myers (Wm. Robertshaw & Myers), Barclays Bank Chambers, North Street, Keighley.
- SMITH, LEONARD WILFORD, Clerk to Norman McKellen, 20, Booth Street, Manchester.
- SMITH, PERCIVAL HAVILAND, Clerk to Deloitte, Plender, Griffiths & Co., Exeter House, 97, Bute Street, Cardiff.
- SONI, KISHEN PRASADA, Clerk to E. W. E. Blandford (Blandford, Widdowson & Simpson), Capel House, 54, New Broad Street, London, E.C.2.
- SPELLMAN, HUBERT, Borough Treasurer and Accountant's Department, Municipal Buildings, Redcar.
- STANLEY, LESLIE GEORGE, Clerk to John James (James & Cowper), 4, Walbrook, London, E.C.4.
- STANTON, SIDNEY ALFRED, Clerk to J. Stone (Stone, Porter & Stone), 43, King William Street, London, E.C.4.
- STILL, JOHN WILLIAM HODGSON, Clerk to R. Holmes (Holmes & Snowden), Hepworth's Chambers, 148, Briggate, Leeds.
- STRUTHERS, JOHN NORMAN (J. W. Beaver), 6, Princess Street, Manchester, Practising Accountant.
- SUFFELL, ERIC GEORGE, Clerk to W. Strachan (Martin, Farlow & Co.), 50, Gresham Street, London, E.C.2.
- SUTHERLAND, ARTHUR, Clerk to Watkinson, Roberts & Co., 2, Guildhall Chambers, 31/31, Basinghall Street, London, E.C.2.

FINAL—continued.

- TAGGART, HENRY, Clerk to Edwin Guthrie & Co., 71, King Street, Manchester.
- THOMPSON, ALAN RALPH, Borough Treasurer's Department, Town Hall, Portsmouth.
- THOMPSON, FRANK FERGUSON, Clerk to Scampton, Brown & Meadow, 28, Market Street, Wigan.
- WARD, EDGAR GEORGE CAPELHORN, Comptroller and Accountant-General's Department, General Post Office, London, E.C.1.
- WATKINS, GARFIELD ATTWOOD, Borough Treasurer's Department, Guildhall, Swansea.
- WEST, REGINALD ALBERT, Clerk to J. Bridgwater, 3, Cherry Street, Birmingham.
- WESTON, RONALD COULSTON, Clerk to Surrey, Bishop & Co., Revenue House, 7 & 8, Poultry, London, E.C.2.
- WHYTE, JOHN HANSON, Clerk to Seddon & Co., Victoria Buildings, 21, Grainger Street West, Newcastle-on-Tyne.
- WOOD, ARTHUR, Clerk to J. R. Atkins, Clarendon Chambers, 14, St. Ann's Square, Manchester.
- WOOD, ALBERT EDMUND, Clerk to Leslie H. Ball, 22, Broad Street, Hereford.
- WOOD, JAMES BERNARD, Clerk to Revell & Revell, Prudential Buildings, New Street, Huddersfield.
- WOODS, WILLIAM, Clerk to Dutton, Armstrong & Co., 4, Piccadilly, Manchester.
- YOUNG, WILLIAM NICHOLAS, Clerk to Maurice Thompson, 34, Avenue Chambers, Bloomsbury Square, London, W.C.1.

SUMMARY:—*7 Candidates awarded Honours.**123 Candidates passed.**103 Candidates failed.***233 Total.****Passed in Intermediate.***Order of Merit.*

- AVEYARD, CHARLES HENRY, Clerk to J. H. Birch, Pearl Chambers, East Parade, Leeds. (*First Place Certificate and Prize.*)
- ADAMS, KENNETH, Clerk to Price, Waterhouse & Co., 3, Frederick's Place, Old Jewry, London, E.C.2. (*Second Place Certificate. Disqualified for Prize by age limit.*)
- MASTERS, CHARLES LIONEL, Clerk to Larking & Larking, Commercial Chambers, Orford Place, Norwich. (*Third Place Certificate and Prize.*)
- LOCK, FREDERICK WILLIAM EDWARD, Exchequer and Audit Department, Victoria Embankment, London, E.C.4. (*Fourth Place Certificate.*)
- COPE, IVOR JOHN, Clerk to F. W. T. Mills, 6, Priory Place, Doncaster. (*Fifth Place Certificate.*)
- (LIGHT, DENNISON GEORGE, Clerk to L. G. Mansfield (Duck, Mansfield & Co.), 63, Coleman Street, London, E.C.2.
WRIGHT, RICHARD CECIL, B.A., LL.B., Clerk to A. Walton (John Gordon & Co.), 7, Bond Place, Leeds.
)(*Bracketed for Sixth Place Certificate.*)
- MUNN, JAMES ARTHUR, City Treasurer's Department, Council House, Birmingham. (*Eighth Place Certificate.*)

Alphabetical Order.

- AINSWORTH, HAROLD RALPH, Clerk to Josolyne, Miles & Page, 28, King Street, Cheapside, London, E.C.2.
- ALLEN, HERBERT WALTER, Clerk to Jacombs, Hill & Harvey, 79, Colmore Row, Birmingham.
- ARMSTRONG, STANLEY, Clerk to Robert Gair, Star Buildings, Northumberland Street, Newcastle-on-Tyne.
- BARHAM, EDWARD WALTER, Clerk to Perkins, Copeland & Co., Bolton Chambers, Eastbourne.
- BENDLE, CHARLES, Clerk to Percival White (White & Pawley), 6, Sussex Terrace, Princess Square, Plymouth.
- BENJAMIN, MAX, Clerk to F. G. Jenkins (Woodington, Bubb & Co.), 5, Philpot Lane, London, E.C.3.
- BOND, ARTHUR WILLIAM, Clerk to F. A. Prior (Prior & Palmer), Pelham House, Pelham Street, Nottingham.
- BOYCE, SIDNEY JAMES, Clerk to Whinney, Smith & Whinney, 4B, Frederick's Place, Old Jewry, London, E.C.2.
- BROWN, EDMUND, Clerk to J. P. Duxbury (Nathaniel Duxbury, Son & Finch), 27, Richmond Terrace, Blackburn.
- BRUMMITT, DOROTHY LOUISE, Clerk to F. C. Swallow, Milton House, 38, Cowgate, Peterborough.
- BRYANT, HORACE BENJAMIN, Clerk to Deloitte, Plender, Griffiths & Co., 5, London Wall Buildings, London, E.C.2.
- BUCKNELL, RONALD AUSTIN, Clerk to Percival White (White & Pawley), 6, Sussex Terrace, Princess Square, Plymouth.
- CALDWELL, WILLIAM GREGSON, Clerk to T. Linton Wilson (Barbour & Wilson), 34, South John Street, Liverpool.
- CALLENDER, HENRY JOSEPH, Clerk to Richard Jewitt (Richard Jewitt & Co.), 133, High Street, Stockton-on-Tees.
- CAMPLIN, ALAN, Accountant Auditor's Department, Town Hall, Sheffield.
- CHARLES, DAVID JAMES, B.A., Clerk to W. H. Charles, 3, Greenfield Villas, Llanelli.
- CHING, RONALD NELSON, Clerk to W. J. Ching, 8, Sussex Terrace, Princess Square, Plymouth.
- CLIFFE, ARNOLD, Clerk to A. Pontefract & Son, 6, New Street, Huddersfield.
- COMFORT, SYDNEY, Clerk to Bowman & Grimshaw, 26, Birley Street, Blackpool.
- COOPER, JOHN HENRY, Treasurer's Department, Erith Urban District Council, Council Offices, Erith.
- CROSS, RONALD THOMAS WALTER, Clerk to W. A. Ashmole (Ashmole, Edwards & Goskar), 61, Wind Street, Swansea.
- CROWTHER, JOHN BARTLE, Clerk to C. F. Beer, Gordon Chambers, 21, Bond Street, Leeds.
- DARBARI, MANEKJI DADABHOY, B.Com., Clerk to S. B. Billimoria & Co., 113, Esplanade Road, Bombay.
- DAS, HARENDRA CHANDRA, Clerk to E. C. Malyon (Pawley & Malyon), City House, 158/160, City Road, London, E.C.1.
- DAVIS, CLARENCE HENRY, Clerk to D. L. Sellers, 27, Portland Street, Southampton.
- DENNEY, GEORGE RAWLING, Clerk to Peat, Marwick, Mitchell & Co., Royal Exchange, Middlesbrough.
- DESAI, MANILAL VAGHJIBHAI, Clerk to G. E. Stringer (Bourne & Stringer), 68, Aldersgate Street, London, E.C.1.
- DODDS, HAROLD CHRISTOPHER, Clerk to A. C. Storey (J. A. Kinnear & Co.), 8, Westmoreland Street, Dublin.
- DYE, WILLIAM STACEY, Clerk to H. E. Smith (Harper Smiths), London and Provincial Bank Chambers, 30, London Street, Norwich.
- ELCOMB, RICHARD JOHN, Clerk to John Roberts, Queen's Chambers, 5, John Dalton Street, Manchester.
- ELKINGTON, FREDERIC ARTHUR, Clerk to G. E. Holt & Son, 8, Cook Street, Liverpool.
- ELLIS, HORACE ROYDEN, Clerk to W. H. McMinn (Fredk. C. Crosland & Co.), 10, Park Row, Leeds.
- EVANS, WILLIAM BENJAMIN, Clerk to A. E. Beddall (Lomax, Clements, Sons & Beddall), Greenwich House, Newgate Street, London, E.C.1.
- EVERSON, EDWARD HENRY, Accounts Department, War Office, London, S.W.1.
- EWART, CHARLES DOUGLAS, H.M. Inspector of Taxes, Board of Inland Revenue, New Post Office, Northwich.
- FAIRCHILD, LESLIE FRANK, Clerk to S. T. Tunbridge (Tunbridge & Lacey), 64, London Road North, Lowestoft.
- FAVELL, ARNOLD ROWLAND, Clerk to C. A. Belbin, Accountant Auditor, Town Hall, Sheffield.
- FENN, SYDNEY RAYMOND, Clerk to Larking & Larking, Commercial Chambers, Orford Place, Norwich.

INTERMEDIATE—*continued.*

- FLETCHER, EDWIN, Clerk to W. B. Dix (Kingscott, Dix & Co.), Eastgate House, Eastgate Street, Gloucester.
- FRANCE, RICHARD DOUGLAS, Clerk to G. Astle (R. R. France & Co.), 22, Park Row, Leeds.
- FULLERTON, GORDON McCOMAS, Clerk to A. H. Walkey (Cooper & Kenny), 34, Dame Street, Dublin.
- GANNAWAY, CECIL HARRY, Clerk to Gibson Harris, Gardiner & Co., Palmerston House, Old Broad Street, London, E.C.2.
- GARDNER, HEDLEY PRATT, H.M. Inspector of Taxes, Board of Inland Revenue, Shoreditch District, 158, City Road, London, E.C.1.
- GIBSON, WILLIAM MARSHALL, Clerk to James Walker, Old Bank Chambers, Talbot Square, Blackpool.
- GOODLIFF, FRANK THOROGOOD, Clerk to J. Harold Penfold, 60, Old Steine, Brighton.
- GOSKAR, ALFRED EDWARD (Ashmole, Edwards & Goskar), 61, Wind Street, Swansea, Practising Accountant.
- GREEN, CHARLES FREDERICK, Clerk to E. Ransom Harrison (Ransom Harrison & Lewis), 54, Bank Street, Sheffield.
- GREENWOOD, ERNEST, Clerk to F. Ogden Whiteley, City Treasurer, Town Hall, Bradford.
- HAMILTON, WILLIAM VICTOR, Clerk to R. Bell (Martin Shaw, Leslie & Shaw), 2, Wellington Place, Belfast.
- HARDY, NORMAN, Clerk to R. H. B. Heap, 32, Market Street, Bradford.
- HARRIS, GEORGE, Clerk to Harber, Sturges & Fraser, 1, Guildhall Chambers, 31 & 34, Basinghall Street, London, E.C.2.
- HARRISON, FREDERICK, Clerk to J. W. Hurst (Stephenson, Smart & Co.), 35, Silver Street, Lincoln.
- HARRISON, ISABEL, Ministry of Labour, Finance Department, Ruskin Avenue, Kew.
- HAWKER, ALFRED ELI, District Audit Staff, Ministry of Health, Bradford.
- HELLIER, GEORGE, Clerk to W. Ashworth, 7a, Yorkshire Street, Burnley.
- HENDERSON, JOHN WILLIAM, Corps of Military Accountants, War Office, London, S.W.1.
- HERON, LEWIS, Clerk to George H. Walker, 37, Southgate, Halifax.
- HILL, JOHN MAXWELL, Clerk to W. Vincent Vale, 20, Queen Street, Wolverhampton.
- HODGES, HENRY WILLIAM BENJAMIN, Clerk to Arthur J. Hill, Vellacott & Co., 2, Broad Street Place, Finsbury Circus, London, E.C.2.
- HOLT, PERCY, Clerk to Blane & Nickson, 30, Birley Street, Blackpool.
- HONEYBONE, RICHARD MILES, Clerk to Everett, Morgan & Grundy, 90, Cannon Street, London, E.C.4.
- HOPE, WILLIAM HENRY, Clerk to C. R. Scholes & Co., Silver Street Chambers, Bury.
- HOULDING, ALAN JAMESON, Accountant's Department, Metropolitan Water Board, 173, Rosebery Avenue, London, E.C.1.
- HOWARTH, STANLEY, Clerk to A. P. Smith & Co., Parr's Bank Buildings, 3, York Street, Manchester.
- HOWORTH, HARRY NELSON, Clerk to Sir Charles H. Wilson (Charles H. Wilson), Wilson's Chambers, 7, Greek Street, Leeds.
- JACOB, BASIL BEWLEY, Clerk to W. H. Baskin (Cooper & Kenny), 34, Dame Street, Dublin.
- JAGGER, CHARLES GRAY, Clerk to W. B. Keen & Co., 23, Queen Victoria Street, London, E.C.4.
- JOHN, ALFRED STRADLING, Clerk to P. E. Robathan (Jones, Robathan & Co.), 8, Park Place, Cardiff.
- JONES, WILLIAM OSBORNE, Borough Accountant's Department, Hallgate, Doncaster.
- KEMPE, CHARLES PAUL, Clerk to S. R. Pettitt (Bicker & Pettitt), 45/47, Old Christchurch Road, Bournemouth.
- KNOWLES, CHARLES RICHARD, Clerk to W. T. Butterfield, 9, Market Street, Bradford.
- LAMB, GEORGE EDMUND, Clerk to R. E. Starkie (Starkie & Naylor), 6, South Parade, Leeds.
- LEAVER, HARRY, Clerk to E. Chetter (Henderson & Eastwood), 26, North John Street, Liverpool.
- LICHFIELD, SIDNEY JOHN, Finance Department, Wilts County Council, Trowbridge.
- LINDGREN, FREDERICK WILLIAM, Clerk to Clark, Battams & Co., 3 & 4, Clement's Inn, Strand, London, W.C.2.
- LONSDALE, ARCHIE, Clerk to Pix & Barnes, 24, Coleman Street, London, E.C.2.
- LYONS, ALEXANDER, Mines Department, Dean Stanley Street, Millbank, London, S.W.1.
- LYONS, HERBERT CECIL, Clerk to Mann, Judd, Gordon & Co., 61, Westgate Road, Newcastle-on-Tyne.
- MCCLELLAND, WILLIAM LORIMER, Clerk to R. Bell (Martin Shaw, Leslie & Shaw), 2, Wellington Place, Belfast.
- McROBERT, MATTHEW JAMES, Clerk to C. M. Dolby (Charles E. Dolby & Son), May Buildings, 51, North John Street, Liverpool.
- MADDOCK, WILLIAM JOHN, Clerk to W. C. Grimes (John Grimes & Son), 34, King Street, South Shields.
- MARSHALL, RAYMOND NORWOOD, Clerk to E. C. Williams (Stanley W. Marshall & Co.), 107A, Mortimer Street, Herne Bay.
- MARSHALL, WILLIAM RONALD, Clerk to Tudor Davies, Wyndham House, Bridgend, Glamorganshire.
- MAYHEW, HARRY WILLIAM, Clerk to A. C. Gillman (Painter, Mayne & Walker), 103, Cannon Street, London, E.C.4.
- MILLER, ALFRED HENRY, Clerk to H. H. W. Perkins (Perkins, Copeland & Co.), Bolton Chambers, Eastbourne.
- MILLS, DOUGLAS FREDERICK, Borough Accountant's Department, Town Hall, Croydon.
- MITCHELL, HERBERT JOHN, 41, Raikes Road, Blackpool, Practising Accountant.
- MOORHOUSE, EDWARD, Clerk to Glossop & Render, Becketts Bank Chambers, Cheapside, Bradford.
- MORGAN, DAVID ROLAND, Clerk to J. Wallace Williams & Co., 50, Broad Street, Newtown.
- MORISON, ARCHIBALD IAN, Clerk to W. McIntosh Whyte (W. McIntosh Whyte & Co.), Mansion House Chambers, 11, Queen Victoria Street, London, E.C.4.
- MUMFORD, WILLIAM AUGUSTUS, Clerk to O. W. Davies (Johnstone, Davies & Moulder), Central Chambers, High Street, Kidderminster.
- MUNDY, REGINALD CECIL, Clerk to William Clayton, 72, Albion Street, Leeds.
- NICHOLL, WILLIAM, Borough Treasurer's Department, Town Hall, Preston.
- NIVEN, THOMAS ERIC, Clerk to Thomas Smith & Sons, National Bank Buildings, 135, Buchanan Street, Glasgow.
- NOTMAN, WALTER GRAHAM, Clerk to F. A. Mills, 13, New Street, Leicester.
- OCCOMORE, HENRY ROBERT, Clerk to Sewell, Hutchinson & Co., Finsbury Pavement House, London, E.C.2.
- OLDROYD, HERBERT, Clerk to S. R. Fuller, 39, Albion Street, Leeds.
- PAGDIVALA, KAIKOBAD NASSERVANJI, B.Com., Clerk to A. S. Madon (A. S. Madon & Co.), Watson Hotel Buildings, Esplanade Road, Fort, Bombay.
- PARSONS, ALBERT VICTOR, Clerk to Gerard Van de Linde & Son, 4, Fenchurch Avenue, London, E.C.3.
- PATEL, JEHANGIR HORMUSJI, Clerk to Dalal & Shah, 70, Medows Street, Fort, Bombay.
- PELLING, CLIFFORD HORACE, District Audit Staff, Ministry of Health, Brighton.

INTERMEDIATE—continued.

- PHILLIPS, BENJAMIN LLEWELLYN, Clerk to Wentworth, Price, Gadsby & Co., 8, Windsor Place, Cardiff.
- PLATTS, HARRY BENNETT, Clerk to Henry Bradfield & Sons, 13, St. Peter's Gate, Nottingham.
- PORTER, JOHN THOMAS, Clerk to Thorne, Lancaster, Farey & Reacher, 46, Basinghall Street, London, E.C.2.
- RICHARDS, WILLIAM CYRIL, Clerk to J. C. Page (Airey & Page), 8, Victoria Street, Liverpool.
- ROGERS, CHARLES FREDERICK GEORGE, Clerk to James Lake, 9/12, Gower Chambers, Gower Street, Swansea.
- ROTHWELL, JACK, Clerk to L. Lord, Stretford Urban District Council, Council Offices, Old Trafford, Manchester.
- ROUSE, JOHN WILLIAM, Clerk to R. M. Branson (Thomas May & Co.), Prudential Chambers, Grey Friars, Leicester.
- SHEA, ARTHUR PERCIVAL, Clerk to J. A. Kinnear & Co., 8, Westmoreland Street, Dublin.
- SHIVDASANI, CHATURBHJU TIRATHDAS, Clerk to H. McLellan (John McLellan & Sons), 64, Devonshire Square, Bishopsgate, London, E.C.2.
- SMITH, NORMAN STANLEY, Clerk to M. E. Taylor (Lawrie & Todd), Bank Offices, 3, Granby Street, Leicester.
- SMITH, RALPH LISTER, Clerk to T. Hayward (Smith & Hayward), London and Yorkshire Bank Chambers, Tyrell Street, Bradford.
- SMITH, STANLEY, Clerk to C. Snowden (Holmes & Snowden), Hepworth's Chambers, 148, Briggate, Leeds.
- SMITH, SYDNEY CHARLES, Borough Accountant's Department, Town Hall, Tunbridge Wells.
- SMITH, WILLIAM CHARLES CECIL, Clerk to O. A. Hibbert (Morgan Brothers & Co.), Capel House, 54, New Broad Street, London, E.C.2.
- SONES, JOHN WILLIAM, Clerk to C. G. Compton (Stephenson, Smart & Co.), 17, High Street, Stamford, Lincoln.
- SOTHAM, GEORGE BRIAN, Clerk to S. Dudbridge (S. J. Dudbridge & Sons), 8, Lansdown, Stroud.
- STAITE, LAURENS HADDON, Clerk to P. E. Slack (Silversides, Slack & Barnsley), 44, Bedford Row, London, W.C.1.
- STAPLES, LANCELOT, Clerk to Wykes & Co., 24, Friar Lane, Leicester.
- STEEL, JAMES, Clerk to J. T. Windle (J. T. Windle & Gill), 2a, Tyrell Street, Bradford.
- STEVENS, WILLIAM CHARLES, Clerk to Deloitte Plender, Griffiths & Co., 5, London Wall Buildings, London, E.C.2.
- STEVENSON, JOHN HERBERT, Clerk to Alan Standing (Banner, Spencer & Co.), 41, Castle Street, Liverpool.
- STEWART, JOHN DEANS, H.M. Inspector of Taxes, Board of Inland Revenue, Somerset House, London, W.C.2.
- STIFF, REGINALD CHARLES, Clerk to Price, Waterhouse & Co., National Bank Building, James Street, Liverpool.
- STOKES, ANNIE MIRANDA HILLIARD, 68, Castlewood Road, Stamford Hill, London, N.16, Practising Accountant.
- STOTT, NORMAN, Clerk to T. N. Steel (T. N. Steel & Co.), Union Bank Chambers, Market Place, Huddersfield.
- STUART, CHARLES MARSDEN, Clerk to A. N. Smith (Deloitte, Plender, Griffiths, Annan & Co.), 201, Consolidated Building, Johannesburg.
- SUTCLIFFE, REGINALD, Clerk to Stephenson, Smart & Co., Queen Street Chambers, Peterborough.
- TAYLOR, GEORGE HERBERT, Clerk to Gough & Wright, 267 & 268, Castle Street, Dudley.
- TAYLOR, JOSEPH ARTHUR, Clerk to Chipchase, Wood & Co., 125, Albert Road, Middlesbrough.
- TAYLOR, KENNETH JAMES, Clerk to W. C. Coxall, Borough Accountant, West Bars, Chesterfield.
- TAYLOR, WILFRED, Clerk to Hancock & Ashford, 57, Surrey Street, Sheffield.
- THOMPSON, GERALD ALGERNON, Clerk to H. O. Johnson (Mundy, Brewer & Co.), 3, Wood Street, Queen Square, Bath.
- THRELFALL, HARRY, Clerk to John Eaves (Harry L. Price & Co.), 47, Mosley Street, Manchester.
- TODD, HENRY CHARLES, Clerk to George Cobley, Kay & Co., 27, Southampton Street, Strand, London, W.C.2.
- TOMLINSON, RICHARD AUSTIN, Clerk to G. W. Spencer, 10, Bush Lane, Cannon Street, London, E.C.4.
- TOMPKINSON, JOHN POWIS, Clerk to T. Thompson, City Treasurer and Accountant, Town Hall, Stoke-on-Trent.
- TOMPSON, FREDERICK ARTHUR, H.M. Inspector of Taxes, Board of Inland Revenue, Somerset House, London, W.C.2.
- TORDOFF, CLIFFORD, Clerk to Fredk. C. Crosland & Co., 10, Park Row, Leeds.
- TOWNSEND, ARTHUR EDWARD, Clerk to A. E. Sisling, 9, Clinton Street West, Nottingham.
- TOWNSEND, NORMAN ARTHUR STANLEY, Clerk to D. W. Henley (Albert A. Henley & Co.), Portland House, 73, Basinghall Street, London, E.C.2.
- TROUT, ERNEST CORNELIUS, Clerk to Hodgson, Harris & Co., Bank Chambers, Parliament Street, Hull.
- WALKER, PERCY EDWARD, Clerk to Lovewell Blake & Co., 2, South Quay, Great Yarmouth.
- WALTON, WILLIAM, Clerk to Robert B. Walker, 1, Richmond Terrace, Blackburn.
- WATSON, CHARLES BRAILSFORD, Clerk to H. T. Millman (Thomas May & Co.), Prudential Chambers, Grey Friars, Leicester.
- WATTS, JOHN HENRY, Clerk to R. W. Slowman, College Hill Chambers, College Hill, Cannon Street, London, E.C.4.
- WHITE, ALEC VINCENT DAVID, Clerk to F. C. Swallow, Milton House, 38, Cowgate, Peterborough.
- WHITE, EDMUND CHARLES, Clerk to F. Woolley (Woolley & Waldron), 6, Portland Street, Southampton.
- WILLIAMS, FRANCIS GORDON, Clerk to J. H. Chown, Lloyds Bank Chambers, Penzance.
- WILSON, NORMAN, Clerk to John Potter & Harrison, 22, Birley Street, Blackpool.
- WOOD, RONALD, Clerk to A. W. Price & Rose, 23, Grey Street, Newcastle-on-Tyne.
- WOOD, SYDNEY CAMPBELL, Clerk to W. H. Jones & Co., 25, Lord Street, Liverpool.
- WOODHEAD, WILLIAM, Borough Treasurer's Department, Town Hall, Rochdale.
- WOODS, JOHN, Clerk to Charles Magee, 1, Wellington Place, Belfast.
- WORRALL, CHARLES, Clerk to Stanley Clemence (E. J. Wolstenholme & Clemence), Crown Chambers, 36, Yorkshire Street, Rochdale.
- WRIGHT, EDWIN ALBERT, Clerk to Frank Harrop, Hindley & Co., 231a, Stamford Street, Ashton-under-Lyne.
- SUMMARY:—
8 Candidates awarded Honours.
156 Candidates passed.
117 Candidates failed.
— 281 Total.
- Passed in Preliminary.
Alphabetical Order.
- AINSLIE, JAMES, 3, Bristol Avenue, Bolton.
ALLBUT, STANLEY, "Daleswood," Romsley, Halesowen, Birmingham.
ANDREWS, RONALD, 37, Everton Road, Birkdale, Southport.
ARKLEY, GEORGE, Ferryhill Village, Co. Durham.
ASPIN, ANEURIN THOMAS, 23, Skerries Road, Anfield, Liverpool.
BAKER, CHARLES NORMAN, Newcastle Lodge, Newcastle Hazle Hatch, Co. Dublin.

PRELIMINARY—continued.

- BARKER, GEORGE LEANING, 17, Anvil Street, Brighouse.
- BARTLEY, WALTER, 29, Dulwich Village, Dulwich, London, S.E.21.
- BARTON, ARNOLD, 8, Tower Road, Boscombe, Hants.
- BLACKBURN, ALBERT, 16, Bedford Road, Newport, Mon.
- BLACKWOOD, WILLIAM STEPHEN, 32, Union Road, Clapham, London, S.W.4.
- BOULTON, ARTHUR JOSEPH JAMES, 61, Liverpool Road, Burslem, Stoke-on-Trent.
- BOWER, REGINALD STEPHEN, 8, Fontarabia Road, Clapham Common, London, S.W.11.
- BRESNAN, RICHARD AUGUSTINE, 41, Ashbourne Road, Sefton Park, Liverpool.
- BRETT, ALBERT DOUGLAS, Cardiff and County Club, Westgate Street, Cardiff.
- BROWN, JOHN FINLAY, "Shandon," Castle Avenue, Clontarf, Dublin.
- BROWN, JOHN HERBERT, 178, Heaton Park Road, Heaton, Newcastle-on-Tyne.
- BUTCHART, CYRIL GEORGE, 13, Thornhill Gardens, Sunderland.
- CATLEY, CLARE LESLIE, "Colwyn," 95, Castle Road, Scarborough.
- CLARKE, EVELYN JAMES HENRY, 125, Kingsway, Mortlake, London, S.W.14.
- CLAYTON, CHARLES WATTS, 5, Tenby Street, Old Trafford, Manchester.
- COLLINS, BERKELEY EDMUND, The Rawdon Manse, Yeadon, Leeds.
- COX, ALWYN CHARLES, 62, Ryde Street, Beverley Road, Hull.
- CROS, CHARLES JACQUES, 273, Lauderdale Mansions, Maida Vale, London, W.9.
- CROSS, MALCOLM FREDERICK, 1, Bank Cottage, Wardle, Rochdale.
- CURRY, DENNIS STEPHEN, 4, Arundel Gardens, Bayswater, London, W.11.
- DAVIES, BENJAMIN, Hendon, Troedyrhw, Merthyr Tydfil.
- DAVIS, WILLIAM JOHN, 33, Queenswood Road, Forest Hill, London, S.E.23.
- EVANS, STANLEY JAMES, 34, Shakespeare Avenue, Portswood, Southampton.
- FIRTH, EDWARD EWART, 12, Carter Avenue, Whitkirk, Leeds.
- FLEMING, WILLIAM JOHN THOMAS, 95, Olyffe Avenue, Welling, Kent.
- GAIR, LESLIE ROBERT, 62, Osborne Avenue, Newcastle-on-Tyne.
- GAME, WILLIAM HENRY, 113, Tooléy Street, London, S.E.1.
- GARDINER, FREDERICK LOUIS, 15, Grosvenor Crescent, Scarborough.
- GIBSON, CHARLES GORDON, 77, Grove Green Road, Leytonstone, London, E.11.
- HARDIE, REGINALD, 231, Littleton Road, Lower Kersal, Manchester.
- HASSALL, THEOPHILUS WILLIAM, 22, Cowesby Street, Moss Side, Manchester.
- HAYWARD, REGINALD, 4, Winifred Road, Stockport.
- HIBBS, JOHN THOMAS, 28, Turner Street, Lincoln.
- HONE, HAROLD BRINDLEY, Blücher, Wellington College, Berks.
- HOPKINS, ARTHUR, 10, Queen's Terrace, Handforth, Manchester.
- KIRBY, ROLAND TILNEY, 159, Park Avenue, Hull.
- LAVERICK, THEODORE, 21, Rosslyn Terrace, Chester Road, Sunderland.
- LLOYD, DAVID OGWIN, Bryn Glas, Wern Road, Skewen.
- LLOYD, JOHN GORDON, 103, London Road, Neath.
- MCKEchnie, KENNETH HUGH, 9, Westbourne Street, Stockton-on-Tees.
- McMAHON, SAMUEL JAMES, 29, Lower Mount Street, Belfast.
- MARFLEET, RONALD EDWARD, 77, Livingstone Road, Derby.
- MENSFORTH, TOM, 23, Henley Street, Hollinwood, Manchester.
- MICHELL, DOUGLAS ALFRED, 35, Brewster Gardens, N. Kensington, London, W.10.
- MIDDLETON, WILLIAM JOSEPH, 33, Selsey Road, Edgbaston, Birmingham.
- MORGAN, DAVID, 49, David Street, Grimsby.
- NEWSOME, GRAHAM, 68, Hayfield Road, Pendleton, Manchester.
- ODDY, NEVILLE, Carr House, Spofforth, Harrogate.
- OLLIFFE, ERNEST GEORGE, 11, Coventry Road, Ilford, Essex.
- OSBORN, JOHN, 4, The Grove, Earlsfield Road, Wandsworth, London, S.W.18.
- OWLES, FREDERICK GEORGE BEAUMONT, 5, Britannia Road, Westcliff-on-Sea.
- PALMER, CHARLES LESLIE, 7, Reedholm Villas, Stamford Hill, London, N.16.
- PARKER, REGINALD JOHN, 62, Chevening Road, Brondesbury Park, London, N.W.6.
- PILKINGTON, GEORGE HERBERT, 69, Brackenbury Road, Preston.
- PRESCOTT, JAMES, 109, Leigh Road, Boothstown, Manchester.
- PRICE, WILLIAM, 3, Glyncoli Villas, Treorchy, Rhondda.
- PURDIE, ROBERT WILKIE, 85, John Street, Greenhead, Glasgow.
- REA, NORMAN, 119, Fitzroy Avenue, Belfast.
- RING, WENDOLIN CYRIL, 11, Hazelmere Road, Kilburn, London, N.W.6.
- SANDERS, THOMAS HERBERT, 12, Senwick Road, Wellingborough.
- SANDERSON, LESLIE JOSEPH, 48, Park Road, Kettering.
- SHELBURN, EDWARD CHARLES BASIL, 4, Tennyson Avenue, Twickenham, Middlesex.
- SNAPE, HARRY, "Roselyn," 223, Stockport Road, Cheadle Heath, Stockport.
- STREET, HOWARD GEORGE, 32, Wood Road, Tettenhall Wood, Compton, Wolverhampton.
- SYKES, EDWARD CLIFFORD, 10, West End Road, Golcar, Huddersfield.
- TAYLOR, GERALD CHARLES, 9, St. Helen's Road, Dorchester.
- TAYLOR, PHYLLIS ETHEL, 53, Park View Crescent, New Southgate, London, N.11.
- THOMPSON, HENRY JAMISON, 146, Ravenhill Road, Belfast.
- THORNTON, ALBERT KENNETH, 10, Buckley Street, North Reddish, Stockport.
- TREMAYNE, REGINALD WILLIAM, 63, Old Oak Road, Acton, London, W.3.
- TRIMMER, ARTHUR LEIGH, Bank House, Lower Clapton Road, London, E.5.
- UTTING, FREDERIC CHARLES, 320, Unthank Road, Norwich.
- VAUGHAN, ROLAND, 119, Trinity Street, Oswaldtwistle.
- WAKEFORD, FREDA, 67, Wix's Lane, Clapham, London, S.W.4.
- WHITTLES, HAROLD HENRY, 185, Machon Bank Road, Sheffield.
- WILLIAMSON, WILLIAM GEOFFREY, 43, Smithdown Road, Liverpool.
- WILSON, HENRY CECIL COULSON, Eden Villa, Haltwhistle, Northumberland.
- WINTERBOTTOM BERNARD, Brick Mill House, Huddersfield Road, Mossley, Manchester.
- WOODS, PERCY FREDERICK HENRY, 29, Highland Road, Norwich.
- WOODS, THOMAS WILLIAM, 4, Stimpsons Buildings, Wandsworth, London, S.W.18.

SUMMARY:—

- 86 Candidates passed.
56 Candidates failed.

Incorporated Accountants' Benevolent Fund

THIRTY-THIRD ANNUAL GENERAL MEETING.

The thirty-third annual general meeting of the subscribers to the Fund was held in the Council Chamber, 50, Gresham Street, London, E.C., on Wednesday 9th, December 1925.

Sir James Martin (President of the Fund) occupied the chair, and was supported by Mr. W. McIntosh Whyte (Trustee), Mr. Richard Leyshon (Cardiff) (Vice-President), Mr. H. Batty, Mr. Albert Chadwick (Bury), Mr. C. G. Clarke, Mr. J. C. Fay, Mr. D. F. Goode, Mr. W. Holman, Mr. John James, Mr. T. H. Platts (Birmingham), Mr. H. Reynolds (Bradford), Mr. L. C. F. Robson, Mr. Percy H. Walker (Cardiff), Mr. F. A. Webber (Bristol), Mr. Richard A. Witty, Mr. F. Woolley (Southampton), and Mr. A. A. Garrett, Hon. Secretary.

Apologies for absence were received from the following Trustees:—Mr. H. J. Burgess, Mr. A. E. Piggott and Mr. E. Whittaker.

President's Address.

Sir James Martin said: Gentlemen, it is my pleasure to move the adoption of the report of the Trustees and the accounts for the year ended September 30th, 1925, and in so doing I should like to express the regret which we feel at the death of our old friend, Mr. Arthur E. Green. I knew Mr. Green during the whole period he was connected with our Society and with this Fund, and I can say that in the long course of my experience I never met a more unselfish man and one who was more willing to place his energy and intelligence at the disposal of his fellow members. Mr. Green, as you know, was the Chairman of the Trustees, and I am glad to say he has been succeeded by my friend, Mr. McIntosh Whyte, under whose chairmanship, I feel sure, the Fund will flourish. We have also had the misfortune to lose by death Mr. Charles Comins, a Vice-President of this Fund, to which he was a liberal donor. As you will see, the income of the Fund is approximately the same as in the previous year, which I regret, because a Fund like ours should always be progressive. The lack of increase seems to be in the annual subscriptions, which are only up about £4 to £5. I am sure all who support the Fund are sorry that so large a proportion of Incorporated Accountants do not seem to take any particular interest in it, but unfortunately most good work is supported by a minority and not by a majority. On the other side of the account the grants made aggregate £679, which shows some increase on the amount voted in the previous year. The real test of the Fund is that nineteen applicants received grants, in many cases substantial amounts. We all support the Trustees in expending each year, if necessary, the income derived from annual subscriptions and dividends, leaving the life subscriptions and donations for investment. As our Society gets older and the number of members increases, there must be an increasing number of those whose necessities will compel them to make claims upon the Fund, but taking the Society as a whole, and having regard to the large membership, the report indicates that Incorporated Accountants must be in a prosperous condition. The whole question is whether the Fund is carrying out the purpose for which it was formed? I unhesitatingly say that it is. Seeing the excellent use to which the subscribers' money is put, I earnestly recommend the support of the Fund to every Incorporated Accountant.

Mr. W. McIntosh Whyte seconded the proposal for the adoption of the report and accounts, and the motion was supported by Mr. Richard A. Witty, Mr. F. Woolley and Mr. John James. A suggestion was made that a copy of the President's speech should be sent to each non-subscriber.

The President replied to the questions raised, and the motion, having been put from the chair, was carried unanimously.

ELECTION OF PRESIDENT.

On the motion of Mr. W. McIntosh Whyte, seconded by Mr. Richard A. Witty, it was resolved unanimously that Sir James Martin be re-elected President.

ELECTION OF VICE-PRESIDENTS AND TRUSTEES.

Mr. F. Woolley proposed and Mr. John James seconded that Mr. Alexander Hannah, Mr. Richard Leyshon and Mr. George Stanhope Pitt be re-elected Vice-Presidents. The motion was carried unanimously.

On the motion of the President, seconded by Mr. McIntosh Whyte, it was resolved that Mr. R. P. Phillips (Penang, S.S.), who had been a generous contributor to the Fund for many years, be elected a Vice-President. The motion was carried unanimously.

Mr. Arthur E. Piggott (Manchester), Mr. Edward Whittaker (Southampton), Mr. William McIntosh Whyte and Mr. H. J. Burgess (London), were re-elected Trustees.

It was also resolved that Mr. George Palmer (London) be elected a Trustee in the place of the late Mr. Arthur E. Green.

ELECTION OF HON. AUDITOR.

Mr. Albert Chadwick proposed and Mr. W. Holman seconded that Mr. W. Southwood Smith be re-elected hon. auditor for the ensuing year, with a vote of thanks for his past services. The motion was carried.

VOTE OF THANKS TO PRESIDENT AND HON. SECRETARY.

Mr. McIntosh Whyte proposed a vote of thanks to the hon. secretary, Mr. A. A. Garrett, for his work for the Fund during the past year. This was seconded by Mr. Richard A. Witty, and having been put from the chair was carried by acclamation.

The proceedings terminated with a vote of thanks to the President for his conduct in the chair.

Report of the Trustees.

The Trustees have pleasure in presenting to the subscribers and donors their 33rd annual report.

The Trustees regret to report during the past year the death of Mr. Arthur Edward Green, the Chairman of the Trustees, who had been a consistent supporter of the Fund throughout his professional career. Also the death of Mr. Charles Comins, F.C.A., a Vice-President and a liberal donor. The subscribers will be asked at the meeting to fill the vacancies in the office of Vice-President and Trustee respectively.

The income for the year is approximately the same as for the previous year. It is hoped that this feature is temporary only, and the Trustees look forward to an augmentation of income in the coming year, particularly under the heading of Annual Subscriptions and Life Subscriptions. The position of the Fund is satisfactory, and has enabled the Trustees to deal with all cases brought to their notice, and to make somewhat larger individual grants than in previous years. The Fund has an increasing sphere of usefulness, and grants have been made to widows of Incorporated Accountants, to members and their dependants suffering from invalidity or infirmity, and to assist in the education of children of deceased members. The amount paid in grants amounts to £679, which represents an increase of £230 10s. over the amount for the previous year. In order that the Trustees may continue to make grants on a suitable scale the income must not only be maintained, but increased.

The surplus at the close of the year was £7,228 7s. 7d., as against £6,933 12s. 8d. on September 30th, 1924.

The expenses of the Fund have been confined as usual to necessary outlays for printing, postage, &c.

Particulars of the grants made by the Trustees are as follows:—£40 (in addition to £190 previously granted to her and her late husband) to the widow of a former Fellow of the Society who is living in retirement, and who is without any regular income owing to the termination of a pension. £30 (in addition to £167 10s. previously granted) to the

widow of a Fellow whose means of support for herself and a daughter in ill health are quite inadequate. £30 (in addition to grant of £25 10s.) to an Associate of the Society in poor circumstances. £62 10s. (in addition to grant of £124) to an Associate of the Society of advanced age whose small means are inadequate for his support. £47 10s. (in addition to grant of £67 10s.) to an Associate of the Society of advanced years who is in poor circumstances. £47 10s. (in addition to grant of £70) to a Fellow of the Society whose health had necessitated his retirement from public practice on slender means. £45 (in addition to grant of £60) to the widow of a Fellow for the purpose of enabling her to continue the education of her daughters. £40 (in addition to grant of £50) to the widow of an Associate of the Society who died at an early age leaving her with only slender means of support. £50 (in addition to grant of £50) to the widow of an Associate of the Society whose means are inadequate for the maintenance of herself and children. £40 (in addition to grant of £30) to a Fellow of the Society in poor circumstances who through ill health and advancing age is unable to continue his occupation. £40 (in addition to grant of £10) for the education of the boy of a deceased Fellow. £50 (in addition to grant of £25) to a Fellow of the Society who through advancing age and ill health is unable to continue his practice. £9 10s. (in addition to a previous grant of £20) to the daughter of a member of the Society in poor circumstances to enable her to carry on her

means of livelihood. £7 to a member of the Society possessed of slender means (the grant was discontinued owing to the member qualifying for an Old Age Pension). £22 10s. (part of a grant of £30) to the widow of a former Associate who, owing to the death of her husband, was temporarily in need of help for the maintenance of her children. £25 (part of grant of £50) to the mother of a woman member of the Society who died suddenly at an early age and upon whom her mother was formerly dependent. £30 to a Fellow of the Society who, owing to the termination of a temporary Government appointment, was in need of temporary financial assistance for the maintenance of his family. £12 10s. (part of grant of £50) to a former Fellow of the Society who is a permanent invalid. £50 to a Fellow of the Society who, owing to deafness following a long period of military service, was unable to continue his practice.

The accounts for the year ended September 30th, 1925, duly audited, are annexed to this report, together with a full list of subscribers and donors.

Dated this 30th day of November, 1925.

JAMES MARTIN, President.

W. McINTOSH WHYTE,
ARTHUR E. PIGGOTT,
E. W. C. WHITTAKER,
HENRY J. BURGESS,
ALEXR. A. GARRETT, Hon. Secretary.

INCORPORATED ACCOUNTANTS' BENEVOLENT FUND.

Dr.	REVENUE ACCOUNT, for the Year ended September 30th, 1925.	Cr.
To Printing, Postages, &c.	£ s. d.	
.. 63 6 1		
" Grants	679 0 0	
" Balance	294 14 11	
	£1,037 1 0	
	£ s. d.	
By Annual Subscriptions	541 1 0	
" Life Subscriptions	94 10 0	
" Donations	104 0 6	
" Dividends and Interest	297 9 6	
	£1,037 1 0	

BALANCE SHEET, September 30th, 1925.

	£ s. d.	£ s. d.
Sundry Creditors	44 14 0	
Revenue Account—		
Balance at Sept. 30th, 1924 .. £6,933 12 8		
Add Balance for 1925 .. 294 14 11	7,228 7 7	
	£ s. d.	
Cash at Bankers	83 13 10	
Sundry Debtors	37 15 4	
Investments at Cost—		
£1,859 9s. 9d. 4½ per cent.		
Conversion Stock £1,715 0 4		
£1,168 0s. 5d. Registered 5 per cent. National War Bonds (£768 0s. 5d., 1927; £400, 1928)	1,150 0 0	
£900 4 per cent. Funding Loan, 1960-90	676 18 6	
£2,350 3½ per cent. Conversion Loan	1,798 11 4	
£500 India 3½ per cent. Stock	533 9 0	
£484 17s. 4d. Local Loans 3 per cent. Stock	466 0 0	
£200 London County 3 per cent. Consolidated Stock	171 16 0	
£204 0s. 10d. New South Wales 5½ per cent. Stock, 1922-32 ..	197 3 9	
£200 New Zealand 4 per cent. Stock, 1929	200 16 0	
£300 London & North Eastern Railway 4 per cent. First Preference Stock	246 17 6	
	7,151 12 5	
	£ s. d.	
£7,273 1 7		

W. McINTOSH WHYTE, Chairman of Trustees.

I have examined the above Accounts, together with the Books and Vouchers, and find the same to be correctly stated. I have also verified the Securities of the Fund.

61, West Smithfield, London, E.C.,
November 29th, 1925.

W. SOUTHWOOD SMITH,
Incorporated Accountant,
Hon. Auditor.

Accountancy, Banking, Commerce.

A LECTURE delivered before the Manchester and District Society of Incorporated Accountants by

MR. R. T. HINDLEY.
General Manager, Williams Deacon's Bank, Limited,
Manchester.

Mr. HINDLEY said: When your Secretary conveyed your kind invitation that I should open your session and give you an address, I pleaded that I was not a theorist and that lecturing people was not my habit—I am engaged entirely in the practical side of banking—he very kindly put it that there were many points of contact between our professions, and that a few words from a practical banker might conceivably be of interest to a practical accountant. On that basic understanding I willingly agreed, and it is a very great pleasure to me thus to have the opportunity of meeting your Society and passing on in no didactic sense, but very simply, some thoughts on Accountancy, Banking and Commerce.

Strangely enough, the initials give us a very true index into the position of our subject—it is, or should be, the simple, bedrock foundation, the A B C of all business activity. Bankers are constantly brought into touch with accountancy and have to thank you daily and rely daily upon the results of your labours—and we are more and more insistent upon our business clients, great or small, supplying us regularly with up-to-date audited and signed balance-sheets. It is in their own interests that we should do so. One finds by experience that a refusal or hesitancy to show a balance-sheet is, in nine cases out of ten, not a mark of conscious proud strength, but of disinclination to face or disclose a position. Your share in our presumed A B C is the simple and clear statement of facts, facts as disclosed by the books—no other factor can be allowed by you to intervene. If the books are not clear, it is your guidance that can help and advise an extra book or a change of system. It is lamentable, for instance, how carelessly bill books are treated. A full record of every draft accepted by a firm or company should be, at the time of accepting, entered in a proper book and initialled by the person accepting it, and a diary note seven days before maturity should be a final safeguard to forgetfulness in advising the bank to pay. The amount of trouble given to banks by a lack of such a simple precaution is very large. The old Turk who, on accepting a bill, thanked Allah that was finished with, still has some descendants.

BUSINESS STANDARDS.

The facing of facts is what weak men shrink from, and both you and we have to be missionaries to our day and generation. Unfortunately, but none the less true, the past war period brought with it a slackness in commercial morality which has not yet been eradicated. Men felt that the pressure of taxation was draining their working liquid capital, and where, under Government compulsion, they had doubled and trebled their works they found that all, sometimes more than all, their capital was in bricks and mortar, and they acted as they conceived in the interests of self-preservation in attempting to avoid or delay taxation. Without doubt the excess profits duty did work harshly, but two wrongs do not make a right; where a company or firm faced the full facts, I know many instances where their bankers helped them far beyond the usual accepted standards of advances, and are helping them still. Banker and customer have faced the facts, know the worst, and are plodding along in the old Lancashire dogged way to rebuild the havoc of boom and

taxation. And here let me say that I rank the Manchester and Lancashire business standard with the highest in the land. The unique conditions under which the enormous number of transactions on our Cotton Exchange are carried through verbally, and acted upon as regards covering by cotton or yarn, before any contract in writing exists, justify one in saying that in no city is a man's word his bond so often as in this city of ours, of which we are so proud; and I ask you to strive to the utmost to instil that standard, that atmosphere, into all your clients, and especially those young firms who were only born amid the travailings of peace—a period strangely like war.

AUDITORS' ADVICE.

May I also suggest that a great responsibility for guidance and sound advice rests upon your Society. The audits of the large, highly-organised industrial companies, which are—save in times of financial crises—such smooth running pieces of machinery, is little more than the checking of additions and watching that the system of book-keeping is adhered to. The greater number of your audits, however, are with the medium and small business houses, where, if you will, you have many opportunities of entering more fully and advising upon the whys and wherefores, the details and difficulties of the concern. Your standards of examination and apprenticeship should be set very high, for to you it thus falls to guide the growing, and sometimes inexperienced, business man. All honour to you for your help—I see it often—and your sound advice. Will you forgive a word of warning that you, especially young partnerships trying to work up a business, should beware of too easily financing your clients? As professional men, not too well remunerated, you cannot afford to risk bad debts. I know there is often a temptation, but believe me, it is not good that auditors should be interested financially in their clients' businesses. I have seen plenty of sorrow along that line recently.

BANKERS' RISKS.

A banker has to take risks—if he is worth his salt—and he does so with his eyes wide open. He deals not only with the facts, as you do, but with the character of the client and the client's business. Judgment and experience, coupled with the happy fact that most business is straight and honest, make bad debts a rarity for the banker, and he wisely, out of his profits in good years, provides fenders which keep his ship off the rocks when the waves of adversity beat against it. I never fear or bewail bad debts—it is all a system of considered percentages, and one can foreshadow with almost actuarial precision when a risk is worth taking or when it is best left alone. Incidentally, may I say banking terms are also very finely cut (I fancy they are about the only commodity that has not gone up in the war—though, of course, I admit that turnovers have increased), and I hardly think it falls to accountants to try and squeeze those terms. There is a pretty well defined standard of terms bred of acute banking competition, and naturally a banker bears the terms in mind when helping a client.

BALANCE SHEETS.

Coming back now to those hard facts which are summarised in a balance-sheet, I like our English method of putting the liability side first. On the Continent they put the assets first, and it always gives one the feeling that they hope you will be so dazzled by the array that you will be too blind to see what there is on the other side. No; let us have the liabilities first, and then face the facts. But let us be clear in our terminology. Many a time I have seen loans—aye, and debentures also—lumped in as capital by those who

should know better. You remember the gentleman who headed his list of assets with a motor car, and was met with the caustic criticism "My dear sir, a motor car is not an asset; it's a liability." Yes, and a loan is not capital—it is a liability also.

MORTGAGES AND CHARGES.

And whilst mentioning loans, I am sure you will agree that there should be a clear statement as to whether or not there is any charge by way of security for the loan. I have seen signed audited sheets that did not mention the security (by way of charge) for a bank advance, and the excuse was that the sheet was not intended to be published. Nevertheless a balance-sheet, published or not, should be a statement of fact and complete in itself, so that every director of the company can read its position.

Sometimes directors are too fond of delegating their duties to a committee or an executive. It is part of the auditor's responsibility to see to it that, at any rate yearly or half-yearly, they can, if they will, see clearly their position. I had a strange case before me recently where a mortgage was (quite rightly) stated among the liabilities, but the bank's debenture (subject to the mortgage) was not in the printed sheet. The bank advance (a large one) appeared from the sheet to be unsecured, and any loan or trade creditor would have thought he stood on the same floor as the bank. Now I knew the auditors whose clean signed certificate was printed on the sheet. I found on inquiry that the full story of the debenture appeared on the signed copy in the company's books—but not on the copy supplied by the secretary to the printer—and the company's solicitor wanted to argue with me that it was only in the return to Somerset House and in their charges book that it need be given in full, as they were not issuing a public balance-sheet but only a sheet for their shareholders. I pointed out that shareholders might also be loanholders and trade creditors, but that in any case the printed sheet was not correct, even if it were legal.

Will you also teach your clients that a mortgage is confined to land and fixed assets, while a debenture is more far-reaching, especially when it has the floating charge clause.

CAPITAL.

Coming back again to capital, which should represent solely the partners' or shareholders' own money, it is really astounding how carelessly people talk of capital without defining whether they mean authorised, issued or paid up capital.

In discussing an account with me the other day a man referred to a company as having capital of £30,000. Later on, he happened to speak of the £10,000 of capital. I then found that the authorised capital was £30,000, the issued £15,000 and the paid up £10,000. And yet this man, who had dabbled in finance for twenty years, was nonplussed when I pointed out how he had misled me, and that, for the purpose we were then discussing, it made no difference whether the authorised capital was £30,000 or a million.

I saw another sheet last week where there was simply one line—"Capital £60,000." Now, how was anyone to elicit from that the fact that the company had authorised capital £200,000, issued £120,000 in £1 shares, 10s. paid, giving an uncalled capital of £60,000?

STANDARDISED BALANCE SHEET.

If I have made my points clear by these examples, I want you to co-operate by using in speech and sheet precise terms immediately understandable by all who need to analyse the sheets. And, still keeping to my policy of facing facts and

putting vital matters first, I want to leave with you to-day a practical suggestion for a standardised balance-sheet. I do so entirely on my own ideas (not knowing whether or no such a suggestion is new) because I know how much it would assist one in quick assimilation of the points that matter.

My suggestion is that the liabilities should be in a fixed standardised order—

	£ s. d. £ s. d.
1.—Mortgage
2.—Debenture
3.—(a) Bank Advance
(b) Bank Advance against Bills
4.—Cash Loans
5.—(a) Trade Creditors
(b) Trade Bills or Deferred Payment
6.—Taxes or Reserve for Taxes
7.—Reserve for Depreciation
8.—Reserve for Leaseholds
9.—Reserve for Bad Debts
10.—General Reserve
11.—Capital
12.—Profit and Loss (+ or -)

£

The order of these items is suggested to throw up prominently any charges which vary the security for all classes of creditors, and to enable one to know where to look for any specific liability. The sheet in this form also precludes the fatal error of eliminating liabilities by showing net in place of gross figures. An audited sheet of a firm shipping goods to the East, financed by the bank against the documentary bills, does not show the fair position if the bank advances are deducted from the gross amount of the bills, the *difference* being entered as documentary bills on the assets side. But I have seen such a sheet. It is wrong, because it assumes that all the advance bills are paid 20s. in the £, an assumption which has often failed to materialise in the past few years.

TOTAL LIABILITIES.

The result would be that by glancing at the addition of the first six items one would at once get what really matters—the total liabilities to the public.

SPECIAL RESERVES.

The next three items are neither liabilities nor capital, they really fall to be deducted from groups of assets per contra, but I fancy we should all agree that they will be more informative if always prepared in gross in this form, and will be a sure guide as to the past conservative policy of the concern. It is of little moment whether these three figures are placed on this side of the balance-sheet or deducted (but separately stated) from the assets. The real points are (1) if a company does state these figures as reserve among the liabilities they should be in these exact positions, and (2) even if a company does not wish to publish these separate figures the sheet should still be prepared in that form for the use of the directors of the company.

CAPITAL AND SHAREHOLDERS' RESERVES.

The last three items belong to the shareholders, and are rightly grouped together. Nowadays the capital is generally

at the beginning, the reserve about the middle, and the profit and loss account at the end of the sheet—a hopeless jumble.

Furthermore, I would stereotype the position of the profit and loss account; if it is on the wrong side it is manifestly foolish to call it an asset. I should, in the case of a debit in profit and loss, deduct it from the capital; it is capital lost, and that is the proper place for it.

A man a short time ago picked up a balance-sheet in my presence and said, indicating the company, "I didn't know they were so strong and had such a fine paid up capital." I said, "It's nearly all lost." "Oh, well," he said; "I hadn't come to that item yet."

My form of balance-sheet tells you all you want at once, without your needing to reconsider anything. If the debit in profit and loss is so great that it exceeds the total of capital and reserves I should not trouble further as to how to place it. I should call in one of your profession to advise as to carrying on or winding up, and I expect he would recommend the latter.

In cases where a firm or company had no such item (*e.g.*, items 2, 6 or 8) they would simply be omitted, the vital point is to preserve the order of going in, and have additions after items 6, 9 and 12.

BANKING POLICY AND PRACTICE.

Up to now I have been stressing your side of the co-operation, but I think you will have been reading into what I have said all through the banking viewpoint. If I analyse more closely and bring out points of policy I must be understood as referring to my own policy and my own bank, not committing my fellow bankers or making any claim to dogmatise on banking theses.

We are, I hope and believe, just emerging from dawn into clearer light. The strain upon a banking executive during the autumn of 1914 was very great—one's elasticity was tested severely, as new and unexpected situations developed almost daily. Unity of purpose over-ruled preconceived standards or methods; bankers responded to the call for effort and output, and financed production on an extraordinary scale. War, always uneconomic and wasteful, blew the nation's slowly saved capital into thin air—an utter waste and wreckage.

The war years passed, and the armistice came. The wastage of years fell to be replaced, and, naturally, this at first created employment, while competition among buyers forced up prices. It is not surprising that men went blindly on, when every purchase found immediately a sale at a profit. Warnings were unheeded, and discretion was looked on as lack of enterprise. The pace of war period production could not slow down quickly enough—men had forgotten the consuming capacity of peace time; a war production faced a depleted purchasing power.

Then came the slump, with its crushing burden of taxes earned in the boom payable in the slump. The suffering has been great, and the pressure on the banks has been severe. Had we not stood beside our customers—tried and honoured friends in whom we had confidence—a trade crisis would have resulted compared with which our present difficulties are small. Bankers were blamed in pre-war years for conservative methods; German banking was held up as an ideal. But the result of war and inflation has made us doubly certain that English banking methods were, and still are, sound. Banking should not, and does not here, control business or go into partnership or shareholding, but merely finances what is required. It is not the banker who calls the tune or fixes the limit of business, and sometimes his

attempts to advise or check are coldly, sometimes warmly, received. Never did a man's character and frankness over a period of years stand him in better stead than in these post-war troubles.

You and we know scores of concerns who have a long row to hoe before they are out of their troubles, and there are those who are tempted too quickly to go in for drastic schemes of reconstruction. I prefer, and believe in, patient recovery by steady trading, provided (and I wish to stress this) the ordinary unsecured trade creditor is not being put in any worse position. For I do feel that a banker, with his full knowledge of a customer's internal position, cannot merely make his own position secure, but must do his utmost (so far as is reasonably possible) to safeguard others. This is not a legal or trusteeship liability, but merely a moral business viewpoint. To cut a loss is sometimes the easy course. I prefer to provide fully for a loss, and then with patience and goodwill see whether the customer's ship can be kept upright while the leaks and holes are gradually stopped.

I have elaborated these points because bankers are sometimes criticised from both sides: first for lending too freely in the boom, second for continuing a weak business now. In theory one would not do either, but generalities are dangerous, and I suggest that dealing patiently with each genuine case is the truest help to commerce.

MILL FLOTATIONS.

Another criticism against bankers is that they fostered the mill inflations—again a partial and dangerous half-truth. It cannot be good that assets should be so grossly undervalued that the true capital used in the business is forgotten. That phase of mill balance-sheets, while it proved the sound conservative views of the old private owners, brought about a certain amount of justifiable criticism when astounding rates of dividend were declared. A restatement of capital was, in my opinion, overdue, but a valuable medicine may easily prove fatal in too large doses—and some people overdid it. The slump brought a testing time upon the trade, but cotton speculation has been an even more deadly enemy. Here again we mean to help old and sane friends to recover gradually their solidity. The real cause of the present position of the cotton trade is that the buying power of the world has not yet recovered from war wastage—wastage human as well as monetary.

FOREIGN TRADE.

You may read that banks employ their money in helping the foreigner, and will not help trade at home, and on the next page of the same paper we get criticised for not helping trade with Russia. Well, a banker does not wish to help his customers to make bad debts, or to trade with those who have not paid past debts, but you may rely on it that so soon as trading with Russia on sound business lines becomes possible we shall help our customers freely, for any help to our legitimate export trade is what we strive for. Here again, the decision lies primarily with the trader; if he is prepared to take orders and give credit, his bank will have recourse against him, and will look more at his strength than at the destination of the goods. To sum this up another way, a banker will naturally advise caution and sound business finance, having regard to past experience as well as present proposals; having done so, he will, if otherwise satisfied, finance his customer's reasonable business, whether it be with Russia, Germany, or any other country. As to helping the foreigner at the expense of our own nationals, I can simply say that I know of no such action, and not a

penny of finance or credit is given by us which has not for its ultimate object the furtherance of British trade.

BANKER AND CUSTOMER.

In these few and scrappy notes about the banking side of our subject, I have desired to leave a train of thought in your minds, the thought of the close personal touch which can exist between banker and customer, which can result in a very friendly personal interest being felt in the client's business, and create an atmosphere of confidence which, when continued over a period of years, makes business a pleasure—but the basis of that confidence must be the frank disclosure of the firm's position. That can only come from properly audited periodic balance-sheets. We are surely right in feeling that the interests of a nation of traders can best be furthered by the closest friendly co-operation of accountancy, banking and commerce.

Changes and Removals.

Mr. Stanley Blythen, F.C.A., Incorporated Accountant, has taken into partnership Mr. A. H. Hall, Incorporated Accountant, and Mr. Reginald Storsey, Chartered Accountant. The practice will be carried on under the style of Stanley Blythen & Co.

Messrs. Ellworthy, Bacon & Co., Incorporated Accountants, have removed to 13, Sherborne Lane, King William Street, London, E.C.4.

The partnership between Miss Homersham, M.A., F.S.A.A., and Miss Watts, B.A., A.C.A., Incorporated Accountants, 106, St. Clement's House, Clement's Lane, London, E.C.4, has been dissolved, and Miss Homersham is continuing to practise at the same address. Miss Watts has opened an office at Chandos House, Palmer Street, Victoria Street, London, S.W.1.

Mr. S. G. Peach, Incorporated Accountant, has joined in partnership, Mr. A. C. Ling, Incorporated Accountant. The practice will be continued at Old Library House, Dean Park Road, Bournemouth, under the style of Ling & Peach.

Messrs. F. S. Pearson & Cryer, Incorporated Accountants, of Old Bank Chambers, Keighley, announce that the practice will in future be carried on under the name of Cryer & Kitchen.

Mr. T. B. Rich, Incorporated Accountant, Blackpool, has opened a branch office at 89, Fountain Street, Manchester.

Mr. Thomas Roberts, Incorporated Accountant, has commenced public practice at Prince's Buildings, 81, Dale Street, Liverpool.

Mr. J. Tomlinson, Incorporated Accountant, announces that the partnership existing between himself and Mr. Radcliffe, under the style of Radcliffe & Tomlinson, has been dissolved, and he will practise on his own account at 8, Clarence Arcade Chambers, Stamford Street, Ashton-under-Lyne.

Professional Appointments.

Mr. Wilfred H. Grainger, Incorporated Accountant, who for several years past has held the position of Deputy Controller of Accounts to the Prudential Assurance Company, has recently been appointed Accountant and Controller. Mr. Grainger is well known to many of our readers as a lecturer on legal and accountancy subjects. His address on "Executorship Law and Accounts" was reprinted at the request of the Public Trustee for the benefit of members of his staff.

Mr. Herbert James Thompson, A.S.A.A., Deputy City Treasurer, has been elected the City Treasurer of Newcastle-on-Tyne in succession to Mr. Edward Darnell, O.B.E., F.S.A.A. Mr. Thompson secured the unanimous support of the Council.

The Future of British Industry.

A LECTURE delivered before the Bradford District Society by

MR. G. R. LAWSON,
INCORPORATED ACCOUNTANT.

Mr. Lawson said: The present time is such that prompts a thinking man to ask "What does the future hold in store for British Industry?"

The object of this essay is to examine some of the data relevant to this question.

Speculation as to the future can be of no value unless guided by the experiences of the past. What is required is a general idea of the trend of industry, a study of the elements which have influenced and are influencing that trend, and, finally, a careful discrimination in applying those elements in a study of the future course of industry. For this purpose it will be necessary briefly to survey some of the more important factors influencing the course of British industry during the past century.

I.—Brief Survey of Past Century.

1.—BRITAIN'S INDUSTRIAL LEADERSHIP.

Just about 100 years ago Great Britain was beginning to assume the industrial leadership of the world. She was quickly supplanting hand labour by machinery. Most of the great inventions came before 1825, and by that time had almost passed the stage of experiment. Mechanical transport took practical shape in 1825, and developed quickly in the next few decades.

The so-called Industrial Revolution came first in Great Britain. Why? There were many contributory causes, but the most essential, and therefore the cause which is placed first, was that peculiar combination of qualities which make up the British character. These qualities applied to business made for success.

Geographical factors have also played a part. The insular position created that love of the sea and adventure which helped to make the British sailor, and which accounts in no small measure for the greatness of the British Navy and the Mercantile Marine.

The climate of these islands, in spite of the many gibes which are levelled against it both by foreigners and ourselves, has great advantages. It is free from extremes of heat on the one hand and long frosts on the other. Though moist and sometimes depressing, on the whole it is not antagonistic to hard work.

Throughout the eighteenth century there was a steady accumulation of capital, accompanied by expanding markets. Further, the population of Great Britain had long enjoyed comparative freedom and political security. In the early part of the nineteenth century, when our foreign commerce was expanding, there was an acute scarcity of labour, and it is not surprising that men had long been searching and still continued to search for the means of economising labour. This search led to the many important inventions which stand to the credit of Britain. It is a peculiar fact that nearly all the great inventions of the late eighteenth century and the early nineteenth century were British. Railway transport, which was to revolutionise the world, was pioneered by Great Britain, and this was followed later by important developments in sea transport. But all these factors would not have enabled Great Britain to take first place in industry had it not been for the abundance of coal and iron, which provided the raw material for her

machinery and her machine products, and motive power for her factories, her railways and her ships.

Having established her industrial leadership, several factors contributed to assist her to retain that leadership.

After the Napoleonic wars, Great Britain was, for the remainder of the century, almost free from devastating wars.

Her commercial policy, after the abolition of the Corn Laws towards the middle of the century, greatly stimulated her foreign trade.

Her Colonial Possessions and India provided ever expanding markets for home manufactures, as well as a source of supply of food stuffs and raw materials. These possessions also provided a ready and remunerative outlet for British capital, which again still further stimulated exports.

2.—CHALLENGE TO BRITAIN'S INDUSTRIAL LEADERSHIP.

From about the year 1870 onwards, Britain's industrial superiority began to decline relatively. On an impartial examination of the facts, one is forced to the conclusion that this was inevitable: that the gap which existed between Great Britain and many of her foreign competitors could not long remain so wide as it had been earlier in the century.

In the first place, the lead which Great Britain had gained by reason of the introduction of machinery, the application of the inventions and the development of her railways, was bound to be challenged when her foreign competitors began to equip their countries with the same mechanical advantages; account also should be taken of the fact that these countries had the advantage of Great Britain's experience, and were not likely to suffer from mistakes and failures inseparable from the work of experiment. After 1871, a united Germany pressed forward with her railways and mechanical equipment. So also did the United States, and, in a lesser degree, other Continental countries.

Again, the tariff policies of some European nations and of the United States have affected Britain's foreign trade to some extent. How far may be a matter for contention.

3.—WORLD WAR.

Little need be stated about the period occupied by the world war, unless it is that this war revealed in no uncertain manner, first the character of the British people, secondly the financial strength of Great Britain, and thirdly the reality of the associations with our overseas Empire. The war, however, checked further capital accumulation in all belligerent countries except the United States, who entered too late to be seriously affected. At the same time, considerably increased production probably prevented a net loss of wealth in spite of the enormous destruction of wealth throughout the war period.

Certain industrial changes created by the war must now be noted.

There was created a large amount of fixed capital, with a productive capacity in excess of the normal needs of peace time. Further, this increase in fixed capital was not uniform, but was altogether out of proportion as between different industries. Time alone will effect the adjustment necessary to trade prosperity. Meanwhile the process is bound to be a painful one, but the situation should be faced boldly and intelligently so that the change can be made as soon as and as smoothly as possible.

Again, the important geographical changes resulting from the war must be noted. These changes particularly affected Germany, France and the countries of Eastern Europe. The rich ore deposits and the textile industries of Alsace-Lorraine are transferred *en bloc* from Germany to France.

The future, therefore, should witness extensive development of French industry, particularly the metallurgic industries and those dependent upon them.

Germany, on the other hand, still possesses her technical organisation, and it is unlikely that she will allow the loss of her textile factories, or of her ore deposits, to deprive her entirely of the industries arising out of them, and the future should see a gradual rebuilding of these industries, particularly the textiles which are not dependent on home resources for the supply of raw materials. World competition, therefore, is likely to increase as a result of these territorial changes.

II.—PRESENT PERIOD OF DEPRESSION.

Let us try to examine impartially the causes of the present depression.

1.—HOME TRADE.

First let us examine the factors which affect the home market.

(i) *Decline of Purchasing Power.*—This cause is also a result of other causes, inasmuch as any cause which produces unemployment is bound to react on purchasing power; to say, therefore, that depression is due to a decline of purchasing power carries us but a little step towards the solution of the problem.

(ii) Reference has already been made to the large and disproportionate increases in fixed capital during the war, and the readjustment of this lop-sided application of capital was bound temporarily to cause unemployment and loss. The shipbuilding and engineering industries are outstanding examples.

(iii) It cannot be denied that since the war there has been a loss of efficiency in most industries. Probably this is the effect of war strain and war conditions on human energy, both mental and physical, and this observation is not confined to workers only; it is equally applicable to every section of the community, including the employer of labour.

(iv) There is a heavy financial burden upon this country. No proof of this is necessary. In this connection, however, there is one point bearing upon the future which must be emphasised: the present National Debt is approximately £7,760,000,000, and the present annual charge in our National Budget to cover debt service is approximately £355,000,000, representing about 44 per cent. of the present total public expenditure. The present purchasing power of a pound sterling, compared with July, 1914, is in inverse ratio to the cost of living index figure compared with 100; that is to say that the pound sterling will buy goods and services to-day which in July, 1914, could be bought for 11s. 4d.

The interest and sinking fund on the National Debt, subject to slight alleviation which may result from conversions, contributions from Germany, or repayments of debt by our allies, will be a fixed burden upon the community for a long number of years. If, however, owing to further deflation of the pound sterling, the purchasing power of the pound should improve, let us say from 11s. 4d. to 17s., the burden of our financial charges would become 50 per cent. more onerous, whilst those who are holders of national stock would benefit by an increase in real wealth to the extent of 50 per cent. of their holding.

2.—FOREIGN TRADE.

Now let us examine the causes of the present depression in our foreign commerce.

(i) Probably the chief cause is the diminished purchasing power of our foreign customers—in turn the result of several contributory causes arising out of the war. Germany, for example, was one of our best customers before the war, but she is now so impoverished by her struggles during the war and by the conditions of the peace that her productive capacity is much weakened, and in consequence so is her purchasing power. Again, Russia was an important customer of Great Britain before the war, importing considerable quantities of our manufactures in exchange for her agricultural produce. Since the war, and perhaps partly as a result of it and partly as a result of her recent revolution, Russia has found it difficult even to feed herself, and certainly has not been able to produce an excess available for export. In other words, she has lacked purchasing power, in spite of a most urgent need for British products. Russia has a large potential demand for British products, but that demand is not effective because of her lack of purchasing power.

(ii) The growth of local manufactures abroad is also affecting the foreign trade of Great Britain. Almost every foreign country, including even our own Colonies and India, is seeking to lessen its dependence upon the foreigner for manufactured goods. Whilst at the present time this factor is not considered a powerful one, yet it may in the near future make its influence felt upon our foreign commerce.

(iii) *Tariffs*.—The tariff is used as a means of encouraging and developing home industries, and is, therefore, closely associated with the cause under heading (ii) above. The report of the Committee on Industry and Trade, known as the Balfour Committee, has closely investigated the effects of foreign tariffs upon British trade, and reports that so far foreign tariffs have had only a small influence. Indeed, the Committee finds that the general *ad valorem* level of tariffs as they affect Great Britain is not much different from that existing before the war.

(iv) *Displacement of British Imports into Foreign Markets by Imports from Other Sources*.—This indeed would be a serious cause if it could be shown to exist to any appreciable extent. The facts have been closely investigated by the Balfour Committee above referred to, and the Committee reports that so far from Great Britain having diminished her share of the world's trade (measured in sterling values) she has increased it. Great Britain's share of the world's export trade expressed as a percentage was 13 per cent. in 1913, compared with 14 per cent. in 1923—an increase of 1 per cent.

(v) *Depreciating Currencies*.—This cause undoubtedly explains some of the difficulties experienced in the British export trade. Such countries as France, Italy and—for a period—Germany, Austria, and several other European countries have experienced a depreciation in their respective currencies, with a consequent stimulating effect upon their exports. Serious complaint is made to-day against French competition in the home market. Whilst the French franc has gradually depreciated as compared with the English sterling, French prices have increased more slowly. Some period must elapse before prices are adjusted to the changed monetary conditions. During the interval the foreigner can buy cheaply. For this reason the French manufacturer has been able to undersell the English manufacturer, even in the English market.

III.—Prospects of Future Trade.

Let us now examine what are the prospects of British trade, both in the home and in the foreign market. From what has already been said under paragraph II concerning the causes of the present depression, it will be appreciated that

some of these causes are of a temporary nature, whilst others are likely to affect the course of British trade in increasing degree. For instance, the purchasing power of our foreign customers is sure to improve; the unfair competition made possible by inflation has a limited life. The question of the influence of tariffs is somewhat speculative, depending upon the changing policies of nations. In any event, however, the essence of international trade—being that of interchange of commodities and services—is such that one country cannot, by raising tariff barriers, shut out imports unless it cuts off an equivalent value of its exports. On the other hand, the growth of local manufacture abroad would seem destined to greater development in the future.

Even assuming, however, the loss of many markets resulting from local manufacture assisted and protected by tariff barriers, there is a vast field for British enterprise in other directions. Great Britain possesses a large tropical Empire in which large scale manufacture is well-nigh impossible. The future holds in store great possibilities of international interchange between manufacturing and tropical countries. Science is rapidly unlocking the Tropics. The tropical inhabitants are becoming civilised and educated. Science is successfully combating the tsetse fly and other obstacles to tropical penetration and development. The luxuriant wild vegetation is gradually being replaced by humanly directed culture. Witness, for example, the change from wild rubber to plantation rubber. Not so many years ago most of the world's rubber production came from the wild tree, whereas to-day almost all the rubber of commerce comes from plantations. The Tropics are rapidly increasing their production and their exports, whilst, as a consequence, a demand is being created for manufactured products. The population of the Tropics is considerable, and when demand becomes effective, as it surely will by increased purchasing power made possible largely by British capital, enterprise and science, the lost markets of Europe or of some of our Colonies will be small in comparison with those gained in the Tropical regions, and, be it noted, the Tropics will be permanent markets because they cannot manufacture for themselves.

Whilst, however, these markets will open out to us, they will not necessarily guarantee the future prosperity of Great Britain. Let us examine a little closer the factors which make for prosperity.

IV.—Conditions Governing Future Prosperity.

1.—WHAT CONSTITUTES PROSPERITY?

On first consideration one is tempted to answer high wages, high interest, high rents and high profits, according as one examines the position from the point of view of the workman, the capitalist, the landlord, or the *entrepreneur*. This statement, however, cannot stand unqualified. The expression "high" must be considered, not in terms of units of currency, but in terms of units of purchasing power.

It is obvious that an increase in wages, for example, confers no benefit unless the increase yields an increased purchasing power. That is to say, the increase must be "real" and not "nominal."

2.—HOW CAN WE ATTAIN TO GREATER PROSPERITY?

Now let us proceed a little further, and for the sake of convenience let us confine ourselves to one factor of production only—labour. In what way can labour secure higher "real" wages?

(i) *By securing a greater share of the net product of industry at the expense of one or more of the other factors of production*.—This is solely a question of distribution, and is chiefly,

though not entirely, a matter for ethical science. In the present organisation of society the respective shares of the net product of industry are determined chiefly by the operation of economic laws. Legislation, custom, and other considerations have a limited influence, but, broadly speaking, the laws which determine value determine also the respective shares of labour, capital, rent and enterprise in the net product of industry. There is, however, one good reason why it is not proposed to discuss this question in detail, and that is this:

Whilst the distribution of the net product of industry may or may not be inequitable, the fact emerges that no conceivable method of distribution can of itself materially improve "real" wages, that is, the "real" income of the vast majority of the British community. In proof of this—and it is a most important consideration—the following facts are taken from Professor Bowley's "The Division of the Product of Industry, 1919":—

"Year 1913-14 Great Britain.

	Millions.	Millions.
"Total income from home sources ..	£2,000	to £2,100
Total income from abroad (about) £90 "

After payment of all rates and taxes, and allowance for an adequate sum for investment in home industries, this would average:—

Per family (of four and a-half) £162
and there are, on an average, nearly two earners to a family.

Assuming the same standard of comfort for 1925, and allowing for the diminished purchasing power of the pound sterling, the income shown above for 1913-14 would to-day be about £285 per family. Thus the total income per head is now about £63½ per annum.

This, then, is the extreme limit of income *per capita* on an equal distribution basis, and on the assumption that no part of the product of industry is paid in rent, interest or profit.

It is obvious, then, that for a material improvement in the general welfare we must look elsewhere.

(ii) *By Improved Efficiency*.—This is the most important factor affecting future prosperity, and will therefore be discussed in further detail.

3.—GREATER EFFICIENCY—THE KEY.

Let us assume an improved efficiency of, say, 25 per cent., and let us assume that the advantage is divided equally between increased production and reduction in working hours. The gain would then be:—

(a) 12½ per cent. reduction in working hours.

(b) Increased "real" wages approximating 12½ per cent.

In so far as the increased output was for domestic consumption the full 12½ per cent. advantage would be realised. In so far as it was for export, some of the advantage would have to be given to the foreign customer to induce him to take more commodities; in exchange, we should be willing to increase our imports by a like amount. The new terms of international interchange would be determined according to the relative intensities and elasticities of foreign and home demand.

Here, then, without doubt lies the secret of the future prosperity of British industry.

Let us now concentrate attention upon the question of improved industrial organisation.

V.—Suggestions for Increasing Efficiency.

Whatever might be the advantages of competitive and individualistic enterprise as compared with collective or State enterprise—and it is considered that the balance of advantage

lies distinctly on the side of the former—it must be confessed by any impartial observer that the present organisation involves a considerable amount of waste effort. One need only point to competitive travelling, competitive advertising, the overlapping of transport, and the overlapping in retail distribution.

It is now time that Britain realised that she has a national business to conduct. This business comprises a large number of varying units, but surely it is not impossible to co-ordinate these units with a view to greater efficiency.

It is not difficult to perceive many weaknesses in our system, and it is for our experts in technique to find the means of eliminating these weaknesses.

In agriculture there is room for considerable improvement in methods. The Board of Agriculture and Fisheries is doing good work in disseminating knowledge and assisting farmers generally, but our farming community have much to learn in technique. It is highly probable that much more machinery could be used on the land with advantage. There is scope here for the use of electrical energy, for better transport facilities, and for improved organisation generally.

Great Britain has recently awakened to the fact that its power production is in a chaotic state. The Government of the country has already taken steps to investigate the possibilities of unification of electric power production, and no doubt considerable improvements will be effected in this direction in the course of the next decade.

In our factories there is considerable scope for improvement in organisation. Factory management in this country has much to learn from Germany and the United States.

It must be realised that not only is mechanics a science, dynamics a science, and chemistry a science, but that administration or management is also a science. Management should be approached from a scientific point of view. It should receive the attention of scientific experts, and, just as industry generally has benefited so much by scientific investigation, so that important part of industry called administration or management will also benefit by scientific investigation.

There is one question which needs and merits the closest investigation of all who can contribute towards the solution, and that is the relationship between what is called capital—but implying also, and perhaps more particularly, the employer of labour—and labour. The status of labour has evolved through various stages—slavery, feudalism, and the present wage system—and it will evolve still further to a higher plane in our social organisation. We have already reached the time when labour is searching, and even demanding, something higher than mere wages; this is a subject worthy of close study, and some satisfactory solution will have to be found at no distant date.

Scientific management recognises the fact that labour is not a machine, or a commodity to be handled and transported hither and thither. It recognises that labour is a human power, and seeks at every turn to conserve that power and utilise it to the best advantage, instead of to waste it, abuse it or despise it. Scientific management realises that machines can be made to do much monotonous work, and to do that work more effectively, more accurately, and infinitively more rapidly than human labour.

Scientific management seeks at every turn to minimise fatigue by eliminating waste movements. Frank Gilbreth, the pioneer of scientific management in America, developed what he called motion study. He divides every task into

its elements, and by careful observation eliminates waste movement, and seeks to find the easiest and quickest way of performing even the minutest and most menial tasks. He applied his ideas even to bricklaying, and that with great success.

Scientific management insists upon a more intense division of labour by discovering the aptitudes of workmen and putting men to the tasks for which they are best fitted.

The science of costing and works accounting generally is part of the science of management. In this connection attention is directed to the recommendations of the Committee of Commercial Efficiency which was appointed by the Federation of British Industries towards the end of the Great War. These recommendations are as follows :—

- (a) A standard basis of costing should be adopted by members of trade associations. The auditors of each association should co-ordinate the various methods of the members.
- (b) Detailed interchange of costing, as practised in the United States and Germany.
- (c) Interchange of methods of working.

The Committee expressed the belief that the small margin of profit existing in many industries is due to ignorance of costing.

These recommendations are of the greatest significance.

Whilst it may not appear to be advantageous for single businesses to disclose to competitors such details as costings or methods of working, it is scarcely conceivable that any one business may possess a monopoly of the best methods or lowest costs in all its departments. In any industry each business has something to learn from the other, and in any event a disclosure of such information as is here indicated still leaves ample room for individual enterprise and initiative.

In the exporting industries particularly this interchange of ideas, of costings, and of methods of working is strongly advised, with a conviction that such a course would prove to the advantage of all engaged in the industry.

In competing for foreign contracts, it is submitted that much more can be attained by co-operation of British manufacturers than by open competition. The German cartels have been of great assistance to German industry in this direction, chiefly by effecting economies consequent upon greater division of labour, standardisation and specialisation.

It may be said that the average British manufacturer is by nature secretive and independent, whereas the average German has been trained to discipline, to rely upon the State or upon superiors, and in consequence is more adapted to work co-operatively.

The fact emerges, however, that in industries which lend themselves to cartelisation, or combination on the lines indicated, German progress in international trade has been most pronounced.

At least it is claimed this phase of industrial organisation merits closer study.

Again, let us consider the peculiar attributes of machinery. Machines never tire. They do not make mistakes. They can work at enormous speed and display prodigious strength. They suffer no eye strain. They do not strike for more pay or shorter hours, and they frequently become obsolete before they wear out. They are most willing workers. Then why keep them idle for more than two-thirds of their life?

It is superfluous to stress the point that what we call standing charges increase but little however long the working day may be. In those industries, therefore, where standing

charges are high relatively to the value of the product there is no reason why two or even three shifts should not be worked all the year round. Indeed, there is every reason why they should. Lord Leverhulme, in his "Six Hour Day," strongly recommends the adoption of this suggestion and emphasises the beneficial results which the adoption of this suggestion would produce.

In transport, since 1921, we have moved along right lines in the co-ordination of our railway system. Whilst the British character is averse to all forms of monopoly, yet there is no doubt that the railway grouping scheme has eliminated considerable waste and improved the efficiency of our railway system. There is still much to be done in the matter of transport. In 1906 a Special Commission was appointed by the Government to investigate the possibility of developing a system of inland water transport in this country. Their final report, issued in December, 1909, was highly instructive, but nothing was done. It is suggested that great possibilities lie in the direction of an improvement and development of our inland waterways, fed by a network of cross roads for motor transport service. It is suggested that such a development would relieve railway transport of heavy and bulky articles of commerce which canals are more fitted to carry, and which railways carry at exceedingly low rates—possibly unremunerative rates. This development would lead to a decentralisation of industry. Businesses would spring up along the canal banks, would have their own wharves, and would be able to receive and despatch their goods with greater ease and efficiency, and at less cost.

In our distributive trades the waste due to overlapping and inefficient management generally is enormous. The cost of retail distribution in this country is grossly excessive. When one considers such trades as the coal trade, milk, laundries, &c., one can readily conceive of the loss in duplicate effort.

In offering suggestions for increasing the efficiency of British industry, the important question of education cannot be ignored. There is no doubt that the phenomenal progress which Germany has made in industrial technique in the last half century is due in no small measure to the excellence of her educational system. It is admitted that Great Britain has neglected this phase of her industrial and social organisation. No doubt she is now taking steps to regain lost ground in this direction. There is still great need for larger opportunities and more facilities for technical education. But there is also need even in this connection for more scientific organisation. There is no connecting link between the school and industry. A child enters a certain career according to the whim and fancy of its parents, or even of itself. No scientific investigation is made of the abilities and aptitudes of the child. It may be said that sooner or later the child finds its proper sphere or bent—this may or may not be so; in a large number of cases it is not so. In any event, in the meantime there have been wasted years, and those years are not wasted to the child alone—they are wasted to the nation. It is submitted that this matter is of sufficient importance to warrant a department in our educational system, properly equipped with psychological or other experts, whose duty it is to recommend the type of employment for which each child is best fitted. The present practice is chaotic and unsystematic.

VI.—SPECULATION UPON FUTURE PROSPECTS.

Can we now speculate upon the future of British industry? It has been argued that great possibilities lie before us. We shall not lack for markets in which to dispose of our productions. We shall not lack for food and raw materials.

We have behind us a history of which we can be proud. We, of all nations in the world, are the pioneers of most of the great inventions which have made present industrial organisation possible. We have developed, in spite of many mistakes, a vast and loyal overseas Empire, spreading over both hemispheres and comprising a large part of the Tropics. We have established a reputation for fair dealing, and for a century past British products have been demanded in every corner of the globe.

The latter part of the nineteenth century witnessed the development of Great Britain's Colonial Empire—largely with the aid of British capital, British enterprise, and British industry. The twentieth century will witness a development of the Tropics—largely with the aid of British capital, British enterprise, and British industry—whilst, in addition, our great Colonial Empire will demand increasing quantities of British productions.

In the matter of scientific management, Great Britain will, at no distant date, adopt such of its principles as may be found practicable and consistent with the British character.

In conclusion, it is submitted that many of the factors which account for the industrial leadership of this country in the nineteenth century will continue to exercise a powerful influence in the twentieth century. So far from Great Britain being a spent force, the writer considers that she will prove to be a dominating industrial power throughout the present century.

PRESENTATION TO OFFICIAL RECEIVER, NEWCASTLE-ON-TYNE.

A meeting of solicitors, Chartered and Incorporated Accountants was held recently in Newcastle-on-Tyne, when a presentation was made to Mr. Charles Woollett, A.S.A.A., formerly Official Receiver in Newcastle-on-Tyne for a period of fourteen years, who retired in October last. The presentation consisted of an illuminated address and an album of water colour sketches by Mr. Bertram, of the King Edward School of Art, Newcastle. The chair was taken by Mr. G. E. Wilkinson, and the presentation was made by Dr. F. W. Dendy on behalf of the subscribers. In making the presentation, Dr. Dendy was supported by Mr. Robert Pybus, President of the Newcastle Law Society; Alderman J. J. Gillespie, representing the Chartered Accountants, and Mr. J. W. Armstrong, representing the Incorporated Accountants. Mr. Woollett, in responding, expressed his appreciation of the presentation and gave some reminiscences of his official life in Newcastle-on-Tyne. An arm chair was also presented to Mrs. Woollett.

COMPARISON OF RATES, &c., IN TOWNS AND URBAN DISTRICTS.

Mr. W. Allison Davies, F.S.A.A., Borough Treasurer of Preston, has issued his usual comparative table of the rates levied in the various towns and urban districts in England and Wales for the municipal year 1925-26. The information is classified under County Boroughs, Boroughs, Urban Districts and Metropolitan Boroughs, and the table shows the population, rateable value, total rates levied, rate per head of population, the charges made for gas, water and electricity, and the extent to which the rates have been increased or decreased by the profits or losses made on these undertakings. The table likewise gives a sub-division of the rates showing the various purposes to which they have been applied, and for comparison the total rate levied for the preceding year is also recorded.

Mr. H. I. Godfrey, F.S.A.A. (Godfrey, Laws & Co., Luton), has been appointed chairman of the Finance Committee of the Luton Town Council. Mr. Godfrey has already served as chairman of the Public Libraries Committee.

Rebielus.

The Profession of an Accountant and some Notes on the Legal Profession. By Albert Crew, Barrister-at-Law. London: Gee & Co., Limited, 6, Kirby Street, E.C.1. (120 pp. Price 5s. net.)

Mr. Crew has made a useful contribution to the records of accountancy. After a preliminary discussion of what is a profession and the motives for the organisation of professions generally, he proceeds to deal more specifically with accountancy, which he says the Institute of Chartered Accountants and the Society of Incorporated Accountants and Auditors have not only made a profession but have added a dignity and status, and compelled the world of commerce and industry to recognise its worth and value so that the terms "Chartered Accountant" and "Incorporated Accountant" are to-day almost as commonly understood and appreciated as those of "Barrister" and "Solicitor." On the qualifications of the professional accountant the comment is that he has a passion for exactitude and accuracy, and marshals figures into their proper places so that they speak the truth; he has a wide outlook, a clear imagination, a keen vision, and an intelligent understanding of men and affairs, all of which differentiate the man of ability from the mere man of figures—qualities and gifts which help men to take initiative and to shoulder responsibility with intelligence and discretion. Speaking of the independence of the profession it is noted that "all present and past honorary officers of the Institute and the Society are or were professional accountants, and no one appears to have any connection with the direction of these bodies who is or was not a professional or practising accountant." After pointing out that admission to the Society and the Institute is by examination only, the disciplinary powers of the Society and Institute are discussed; also professional etiquette. Incidentally, Mr. Crew touches upon grievances of professional accountants and solicitors, one of which is that banks have been and are encroaching on their territory by undertaking services relating to trust estates and income tax, and emphasises the fact that although banks are allowed to advertise, solicitors and accountants are not, and are thereby placed at a distinct disadvantage. A brief reference is made to the history of the various attempts which have been made to secure registration for accountants, and also to the actions which have been fought for the purpose of protecting professional designations, the leading one being the well known case of the *Society of Incorporated Accountants and Auditors v. Goodway and London Association of Accountants, Limited*, in which the term "Incorporated Accountant" was held to belong exclusively to the Society, which by a system of tests and examinations had, in the words of the Judge, "conferred upon its members the valuable privilege of a recognised status for ability and integrity." Subsequent chapters give a review of the legal profession, with some notes on recognition and registration of professions generally. The book is well produced, interesting and instructive.

Death Duties and Life Assurance. By R. D. Anderson, F.I.A. London: The Insurance News, 11, Queen Victoria Street, E.C.4. (16 pp. Price 1s. Id., post free.)

This is a useful little pamphlet explaining how to effect an insurance to cover all duties payable at death. Information is given as to the amount of the duties required in specific cases, how much the sum assured should be to cover the duties, and generally how the scheme is carried through.

Dictionary of Income Tax and Super Tax Practice. Seventh Edition. By W. E. Snelling. London: Sir Isaac Pitman & Sons, Limited, Parker Street, Kingsway, W.C.2. (662 pp. Price 25s. net.)

This is one of the most complete and useful books on income tax now available, dealing as it does with all aspects of the subject. The present edition incorporates the changes made by the Finance Act, 1925, and discusses the difficulties which have arisen as a result of the separation of the Irish Free State from the United Kingdom; also the provisions as to Dominion Income Tax relief in relation to other parts of the Empire. Facsimile specimens of the principal forms are introduced, and clear and explicit explanations are given of the effect of the leading decisions

on income tax matters. The book is arranged in alphabetical form under subject headings, but has also a complete index. At the end are given income tax and super tax tables for the purpose of showing the tax liability on different classes and sizes of incomes.

Correspondence.

INCORPORATED ACCOUNTANTS' BENEVOLENT FUND.

To the Editors *Incorporated Accountants' Journal*.

Sirs.—Upon perusing the report of the Trustees of the Incorporated Accountants' Benevolent Fund just issued, one is impressed by the fact that out of a membership amounting to approximately 4,500, there are just over 1,000 annual subscribers. In other words, 78 per cent. of Incorporated Accountants do not support the Benevolent Fund. This is to be regretted. It should surely be a point of honour with every Incorporated Accountant to become an annual subscriber to the Fund, and if possible, in addition, a life subscriber of £5s.

There are many calls in these days. Ought, however, the Incorporated Accountants' Benevolent Fund to need stressing in this journal?

Should this letter awaken any of your readers who have hitherto not thought about the matter, I venture to suggest that the New Year provides a fitting opportunity for a resolution to support the Fund in order that the Trustees may be able to rely upon a much larger annual income than at present.

I am,

Yours faithfully,

HARRY C. KING.

Eastbourne.

TOUTING INCOME TAX AGENTS.

To the Editors *Incorporated Accountants' Journal*.

Sirs.—The attention of the President of this Association has been directed to a paragraph appearing in the last issue of the *Incorporated Accountants' Journal* in which reference is made to a circular which has been issued from a Sheffield office during the past month.

A copy of this circular has now been secured by this office, and I am to inform you that this man is not and never has been a member of this Association.

I am, &c.,

J. C. LATHAM, Secretary,
The London Association of Accountants,
Limited.

[The "erroneous impression" was not created by us, as we gave a literal quotation from the circular.—Eds., *I.A.J.*]

COSTING AND STATISTICAL METHODS.

Arrangements have been made for two courses of lectures on "Costing and Statistical Methods" to be given at the City of London College during the Lent term, commencing January 8th, 1926. The lectures will be given by Mr. Edgar C. McWilliam, B.Sc., B.Com., A.C.A., F.S.S., and the syllabus approximately covers that required for the Society's examinations.

Messrs. Woodington, Bubb & Co., Incorporated Accountants, of 5, Philpot Lane, London, E.C.3, celebrated the twenty-fifth anniversary of the foundation of their firm by a dinner at Frascati's on December 11th, 1925. Afterwards the party went to the Palace Theatre. Mr. Bubb was articled to Mr. Woodington in 1895, and joined him in partnership on July 1st, 1900; since then Mr. D. F. Middlemiss, Mr. F. G. Jenkins and Mr. W. H. Cooper have joined the firm. Mr. Middlemiss and Mr. Jenkins are also members of the Institute. It is interesting to note that the practice has been conducted for 30 years continuously at the same address.

GLASGOW STUDENTS' SOCIETY.

At a joint meeting of the Glasgow Incorporated Accountants' Students' Society and the Scottish Branch of the Institute of Costs and Works Accountants, held in the Accountants' Hall, Glasgow, a lecture on "Practical Cost Accounts" was given by Mr. Andrew Miller, F.C.W.A., Glasgow. Mr. John A. Gough, F.S.A.A., Glasgow, presided over a large audience, and was supported by Mr. Wm. Stewart, F.C.W.A., Mr. A. R. Weir, A.S.A.A., Mr. Robert Fraser, F.S.A.A., and Mr. James Paterson, F.S.A.A. (Secretary of the Scottish Branch), &c. In introducing the Lecturer, the Chairman referred to the importance which costing and cost accounts now occupied in professional work, and to the necessity of candidates studying the subject thoroughly, as it formed an important section in the Society's examinations. In calling for the Lecturer to proceed with his lecture, the Chairman referred to the fact that Mr. Miller was not only the contributor of articles on the subject of "Costing" in the professional journals, but was the author of a standard work on "Technical Costs and Estimates."

After introductory remarks as to the value of accurate costing during the latter period of the war, Mr. Miller proceeded to principles and methods for all manufactures. If we assume, he said, the absence of cost accounts in any manufacturing business, the only insight that can be obtained of manufacturing results financially is from the usual financial accounts. So far as actual costs are concerned the most useful information in these instances would be obtained from the trading account, and in a lesser degree from the profit and loss account, and possibly also to some extent from the balance-sheet. Apart from the limited usefulness and lack of cost details in these usual commercial accounts, a fairly accurate gross cost per unit of production can be obtained in this way for a simple manufacture. This would only be possible for departmental or process costs, as the ordinary commercial accounts are of very little use for production costs of jobs and orders of a varied nature. As no definite nomenclature has yet been finally adopted for cost expressions by the Institute of Cost and Works Accountants, or any other association, consideration was given to the actual elements of cost, both direct and indirect, and these were defined and specimen items indicated. The necessary arrangements were considered for accounting these elements to the cost and oncost accounts that may be inaugurated, and different methods were discussed for interlocking cost totals with financial accounts. Cost accounts of all manufactures can be accounted by either of two methods, departmental or process costs, or job or order costs. The former being sometimes known as comparative cost, machine cost, multiple cost, or product method, but departmental or process more correctly expresses the scope of these accounts. These are applicable where manufacturing is continuous for regular periods of time, so that the units produced lose their identity and become part of the total production. Job or order costs are also known as contract cost, singular or unit cost, special or terminal cost, and as all these terms indicate the job, order or contract for the work produced is the definite basis for accounting costs. Specimen industries were mentioned for these different cost methods, and it was emphasised that accurate accounting involves complete technical knowledge of the product and manufacturing methods, as well as full commercial qualifications, not only for installing but for efficiently operating cost accounts.

In conclusion, the Lecturer quoted an opinion expressed in 1918 by Mr. W. Webster Jenkinson, C.B.E., then Controller of Factory Audit and Cost at the Ministry of Munitions, to the effect that "a costing system cannot be formulated unless the accountant knows something about works organisation," and further that "it is only fair to (British) cost accountants at these large undertakings where satisfactory cost systems have long been in operation to point out that few ideas have been borrowed from America." These opinions, in the Lecturer's view, would be readily endorsed by accountants who have practical experience of cost accounts for manufactures.

After a number of questions had been put and answered, Mr. James Paterson moved a cordial vote of thanks to the Lecturer, which was heartily given.

Scottish Notes.

(FROM OUR CORRESPONDENT.)

Law Agents' Discipline.

The report of the Council of the Scottish Law Agents' Society, submitted to the recent annual general meeting, expressed regret that the Law Agents (Scotland) Bill had failed to pass into law. The Council were unable to understand the opposition which the Bill engendered, as the object of the Bill was to confer greater powers of discipline over the members of the profession in the public interest, and which had not only obtained the approval of the Scottish law officers, but of the profession generally. The Council hoped to clear away the difficulties raised by some Members of Parliament and to have the Bill re-introduced in the next session of Parliament.

Income Tax on Poor Rate Deposit Receipts.

Since 1918-19, on six different occasions, a claim was made by the Income Tax Commissioners in respect of interest received from the bank on deposit receipts on poor rate account held by the Parish Council of Cathcart, Glasgow. The council had all along protested against these charges, but had paid them on the advice of their law agents, who, while of the opinion that the charge was illegal, were also of opinion that, as it had been decided that such a charge was legal in England, the Inspector of Taxes might carry an appeal to the Supreme Court. The Inspector of Taxes, however, had intimated some time ago that "it has now been decided to regard interest received by the council on poor rate account as not assessable." In view of this decision a claim for repayment was made for the sums paid in former years, and payment has now been received of £199 9s. for the past four years.

Edinburgh City Chamberlain.

At the December meeting of the Edinburgh Town Council reference was made to the approaching demission of office by Mr. Robert Paton, City Chamberlain, by the Lord Provost, Sir William Sleigh, who eulogised Mr. Paton's long and devoted services to the Edinburgh Corporation, and tendered to him the best thanks of the Corporation for his work in the city. Mr. Paton, in returning thanks, said he was leaving behind him a staff in his office which he considered, in average excellence and efficiency, reached a very high standard, and he was sure they would give his successor and the Town Council the same diligence they had given in the past. Mr. Paton is succeeded by Mr. John D. Imrie, M.A., B.L., B.Com., F.S.A.A.

Trust Law and Accounts.

The notes of Mr. A. R. Weir's lecture on "Trust Accounts and the Scots Law affecting same" have been published (price 1s.), and can be had from Mr. Robert Fraser, Hon. Secretary, Glasgow Students' Society, or from Mr. James Paterson, Secretary of the Scottish Branch.

Notes on Legal Cases.

[The abbreviations at the end of each of the cases refer to the following law reports, where full reports of the case may be found. The Law Reports and other reports are cited with the year and the Division, e.g. (1925) 2 K.B.:—

T.L.R., *Times Law Reports*; *The Times*, *The Times News-paper*; L.J., *Law Journal*; L.J.N., *Law Journal Newspaper*; L.T., *Law Times*; L.T.N., *Law Times Newspaper*; S.J., *Solicitors' Journal*; W.N., *Weekly Notes*; S.C., *Sessions Cases (Scotland)*; S.L.T., *Scottish Law Times*; I.L.T., *Irish Law Times*; J.P., *Justice of the Peace (England)*; L.G.R., *Knight's Local Government Reports*; B.&C.R., *Bankruptcy and Company Cases*.

INSOLVENCY.

Re Lister.

Disclaimer of Onerous Property.

The Court of Appeal reversed the decision of Lawrence (J.) (see *Incorporated Accountants' Journal*, September, 1925,

p. 329), and held that a trustee in bankruptcy who goes into possession of onerous property which he afterwards disclaims, remains personally liable for the rates incurred during his occupation of the property.
(C.A.; (1925) 160 L.T.N., 435.)

Re Lloyd's Furniture Palace.

Fraudulent Preference.

Where a company agrees to issue debentures to a creditor as security for past and future loans, but delays issuing them for a considerable time in order to retain its credit with its other creditors, the debentures are not voidable under the statute 13 Eliz., c. 5 (which provides that conveyances to defraud creditors are void), when the company goes into liquidation.
(Ch.; (1925) Ch., 853.)

REVENUE.

Whitney v. Inland Revenue Commissioners.

Super Tax—Non-resident Alien in receipt of British Income.

The House of Lords held, affirming the decision of the Court of Appeal (see *Incorporated Accountants' Journal*, August, 1921, p. 300), that an alien non-resident in this country in receipt from British sources of an income exceeding the super tax limit is liable to pay super tax on his British income, and that he is bound to comply with a notice sent to him at his residence abroad by registered post requiring him to make a return of his British income for assessment to super tax, and on his failure to do so may be assessed by the Special Commissioners to the best of their judgment.
(H.L.; (1925) 42 T.L.R., 58.)

Whimster v. Inland Revenue Commissioners.

Excess Profits Duty—Computation of Profits.

A company hired ships on time charter. There was a subsequent heavy fall in freights. The company estimated at end of accounting period the loss subsequently accruing under current charters and treated the said loss as an ascertained loss arising during the accounting period. There was evidence that the loss actually accruing was greater than the estimated loss.

It was held that the estimated loss could not be deducted as a loss arising during the accounting period.
(C.S.; (1925) S.L.T., 623.)

Bartholomew v. Inland Revenue Commissioners.

Excess Profits Duty—Partnership converted into a Private Company.

A partnership was converted into a private company and the members of the company were the same persons as members of the partnership. There was a subsequent voluntary disposition of shares in the company by one of the members to his lineal descendants.

It was held by the First Division, Court of Session, that the company and the individual shareholders were not entitled to deduct deficiencies arising prior to the incorporation of the company in computing the excess profits duty payable by it.
(C.S.; (1925) S.L.T., 653.)

Barson v. Airey.

Remuneration of Director of Company employed Abroad.

The appellant, who was the chairman of the directors of a London company with interests in China, paid visits to China on behalf of the company, and, in addition to his fees as chairman, was awarded by the directors remuneration for his services there. This award was made under the Articles of Association, which provided that if any director agreed to go abroad and perform extra services he was to receive remuneration therefor. The appellant was assessed to income tax under Schedule E in respect of the additional remuneration, and the Commissioners upheld the assessment, finding that the additional remuneration was paid to the appellant as chairman of the company for services rendered by him as director under the provisions of the articles.

It was held by the Court of Appeal, affirming the decision of Rowlatt (J.) (see *Incorporated Accountants' Journal*, September, 1925, p. 330), that there was evidence to support the finding of the Commissioners, and their decision must be affirmed.
(C.A.; (1925) 42 T.L.R., 145.)